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NEWS SUMMARY

GENERAL

Disco fire dead: only 14 of 48 identified

ONLY 14 of the 48 dead in the St. Valentine's Day Stardust Club disco fire in Dublin were named when identification began yesterday. Police are investigating allegations of arson.

After an emergency Cabinet meeting Irish Premier Charles Haughey said a public inquiry by a High Court judge would be held. Critics said its terms of reference were too narrow and it should embrace many similar clubs.

Tomorrow will be a day of national mourning.

ZANLA men leave

Nearly 2,000 ZANLA guerrillas loyal to Zimbabwe President Mugabe were trucked out of Entumbane. The death toll in recent fighting was put at 300 but no official casualty figure was announced. Back Page. Page 2

Policing Uganda

The UK has taken over training and organising Uganda's police, to which senior British officers are being seconded. President Obote has asked the UK to train the army and second officials to run Ministries.

Labour move

The Labour Party moved swiftly to head off the Council for Social Democracy before it has time to attract large-scale defections by Labour local councillors. Back Page

Fishing blockades

Fishermen angered by a recommendation to return to sea after a two-week tie-up in protest at cheap imports blockaded Aberdeen and Peterhead harbours. Page 6

Pope departs

Pope John Paul will start today on a Far East tour to champion human rights and broadcast to Roman Catholics in China.

Gas warning

The expected 25 per cent rise in gas prices this year would produce "a serious safety threat to thousands of households" who would not mend faulty appliances, GMWU officer John Edmonds said.

Sadat call

President Sadat of Egypt asked Palestinians to form a government-in-exile.

Farmers rally

Mrs. Gandhi is expected to attract 2m farmers to a New Delhi rally today when she answers their complaints about low prices.

Iran claims gains

Iran claimed the capture of Iraqi territory for the first time. Page 2

Flights cancelled

All QANTAS flights in and out of Heathrow were cancelled indefinitely because of a staff strike in Australia.

Persistent suitor

Pub landlady Lou Jammett's mystery Valentine struck for the 13th consecutive year at Southcott, Beds. Lou, 68, said husband Arthur was not responsible for a giant Buzby model perched on a telegraph pole.

Briefly . . .

Three prisoners were knifed to death in Naples in panic caused by earth tremors.

Hundred miners were feared dead in a disaster in Bihar.

Dame Peggy Ashcroft won the Monte Carlo TV festival best-actress trophy.

Pakistan's Aga Khan nursing school will open in Karachi today.

BUSINESS

PM faces pressure to change policies

THE PRIME MINISTER is expected to come under pressure from some senior Ministers to re-examine her economic policies before next month's Budget, prompted by fears about rising unemployment. They are understood to want cuts in interest rates and in the national employment surcharge, perhaps financed by higher personal taxes. Back Page

● A "FALSE DAWN" this summer than then a further economic downturn, bringing a deeper recession than that of the 1930s, will bring a change in Government policy by spring, 1982, a banking group forecasts.

● A STERLING contract for trading in gold was recommended for the proposed London gold futures market. Gold is usually priced in dollars. Page 4

● CHARTERHOUSE'S £43m bid for merchant bank Keyser Ullmann, agreed last May, faces delays in implementation because of opposition to the Parliamentary Bill approving the integration. Back Page

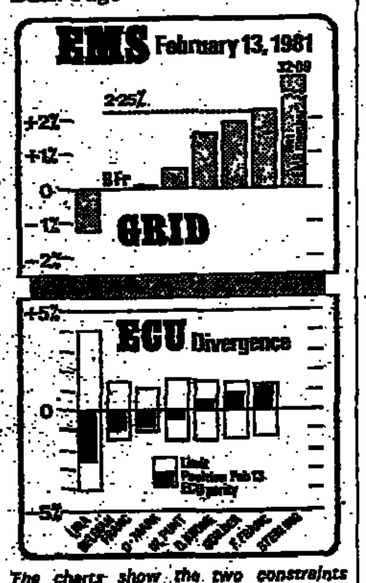
● RIGHT-WINGERS in the Amalgamated Union of Engineering Workers look likely to keep their dominance, following the selection of their candidate for the union's general secretaryship. Back Page

● LLOYDS of London will re-open files on an insurance claim involving 301 Fiat cars made six years ago, after a request by Italian police. Page 4

● CHINA'S economic retrenchment could cost companies around the world $800m in cancelled contracts, half of it in West Germany, a trade expert said.

● THOUSANDS of textiles clothing and footwear workers will visit Parliament today to protest against job losses. Page 3

● D-MARK was again very weak in the European Monetary System last week, touching its lowest permited level against the strongest currency, the French franc. A worsening outlook for the West German economy and the recent sharp rise in the value of the dollar were the principal causes of the weakness. On Friday the Bundesbank intervened at the fixing in Frankfurt to sell a record $163m. However, the dollar continued to improve, touching its best level against the D-mark for over three years. The Belgian franc also lost ground and touched its "floor" level against the French franc, while the Italian lire remained the weakest currency. Lex, Back Page



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

Energy Minister will reply today to call for crucial talks

National pit strike threat grows as miners fight cuts

BY CHRISTIAN TYLER AND ROBIN REEVES

THE THREAT of national strike action by Britain's miners became greater at the weekend *with militants in South Wales*, Kent and Durham voting to oppose the National Coal Board's programme of pit closures.

Miners' leaders in Wales will be pressed *today* to sanction an all-out stoppage. This follows a decision by miners at a threatened South Wales colliery to stop work immediately.

Miners at the three pits in Kent, one of *which is due to* close, voted nearly unanimously yesterday to strike unilaterally if called on by area union leaders.

In Durham, where four pits *have been marked for early* closure, union delegates voted to support a national strike if the Government did not give satisfactory guarantees of the future of the pits.

The timing of a meeting between Ministers, the Board and the National Union of Mineworkers, is now crucial. Mr. David Howell, Energy Secretary, is due to reply today to the joint NCB-NUM request for talks.

On Thursday the NUM's emergency executive committee is to decide whether to go ahead with a ballot on a national *strike*. By then, the whole of the Coal Board's short-term plans should be known. Another 12 pits could be added to the list of closures.

Delegates from all the 36 South Wales pits will meet this morning at an emergency coalfield conference to discuss an all-out stoppage in the area.

The early strike conference was triggered by a meeting of *300 of the 425 miners* at Coegnant Colliery, near Maesteg, Mid-Glamorgan—one of the pits on the South Wales closure list —who voted to strike immediately.

South Wales is the area most seriously affected by last week's NCB retrenchment plans. As a first stage, five collieries are earmarked for closure as soon as possible, with the loss of *2,800 miners' jobs* and pro rata cut in management and clerical personnel. A further three or four collieries are threatened in the near future unless their productivity can be improved.

There are already plans to call out all 25,500 Welsh miners next week in protest at the closures. It is likely that today's coalfield meeting will decide on an even earlier stoppage rather than await the decision of the NUM's national executive.

Under Welsh miners' union *rules*, a strike can be called by pithead meetings at each colliery. These were due to take *place on Thursday but may be* brought forward by today's conference.

Meanwhile the Kent miners are expected to ban overtime from today and refuse negotia*tions on redundancy* or *transfer* for the 960 men at Snowdown Colliery.

In Durham, where four pits have been marked for early closure, delegates from the 19 *NUM lodges have voted to sup*port the national union's position for a strike if the Government does not come up with satisfactory guarantees. Some of the Durham delegates want to *take unilateral* action immediately.

The reaction in Scotland, where three or four pits look vulnerable, will be an important test of how events develop. Scottish miners leaders are due to meet rail and steel unions today to canvass their support

Stocks of coal to last two months

By Martin Dickson, Energy Correspondent

HIGH COAL stocks may enable the Central Electricity Generating Board to hold out against a national miners' strike for about two months.

The board's coal stocks currently stand at about 15m tonnes — about 1m tonnes higher than a year ago. The board *uses coal to generate* about 78 per cent of its electricity, and burns about 1.7m tonnes at this time of year, falling to 1.4m tonnes in May.

This gives it coal reserves for about *two months* although, in practice, other factors could alter the time it might hold out against a strike.

It could, *for* example, increase the operation of its oil-fired stations, which are now used sparingly because they are very expensive to run. The board has about 900,000 tonnes of heavy fuel oil in *stock*. It is *currently* using only 60,000 to 70,000 tonnes a week.

A prolonged miners' strike could pose a threat to an important sales agreement *between the National Coal* Board and the electricity board. It specifies that the electricity board will take 75m tonnes of the coal board's output a year—provided the coal board does not raise *its* prices by more than the rate of inflation.

In the event of a lengthy disruption of supplies, the electricity board is likely to argue that the agreement has been broken—giving it the freedom to cut purchases from the coal board and possibly increase coal imports.

The electricity board is importing about 4m tonnes of coal in the year to March. It has estimated that this will save £40m compared to equivalent supplies from the coal board.

In 1981/82, however, its imports are expected to fall to 2m tonnes. Slack demand for power means that imports have to fall if the electricity board *is to stick to its* 75m tonne agreement with the coal board.

When the agreement was drawn up in 1979, the electricity board estimated that it would sell 232 terawatt (trillion watt) hours of electricity this year. But it now expects sales to total only 215TWh — down 3TWh compared to last year.

Spain tense as Basque suspect dies in prison

BY ROBERT GRAHAM IN MADRID

THE DEATH in police custody of Sr. Jose Arregui, a suspected member of the militant Basque separatist organisation, ETA, has raised questions about the Spanish Government's ability to control the police and the continued use of torture in democratic Spain.

The incident threatens to undermine the careful move to restore stability in the Basque country.

A general protest strike has been called in the region today *by all the major political groups*. The same groups called a similar stoppage a week ago to protest at the killing by ETA of a nuclear engineer, Sr. Jose Maria Ryan.

To head off criticism, the Spanish Government announced at the weekend that the head of domestic intelligence for the Madrid region, and the area's chief medical officer had been suspended. Five policemen directly connected with the interrogation of Sr. Arregui had been put in the hands of an investigating magistrate.

During demonstrations in San Sebastian yesterday, police said some of an estimated 6,000 marchers petrol bombed armoured police vehicles. Disturbances also took place in Bilbao and Vitoria.

Sr. Arregui was arrested in Madrid on February 4 after a police check. He was held with three other ETA suspects for nine days. He died on Friday while being transferred from Carabancel prison hospital to another medical centre.

Preliminary autopsy results showed he died from bronchial pneumonia following severe internal *bruising and lesions*.

The Ministry of the Interior at first said Sr. Arregui had been injured at the time of his arrest. But it emerged that he had burn marks on the soles of both feet. Moves to expose what is widely seen here as a case of torture came from Sr Francisco Fernandez Ordonnez, Minister of Justice, who is regarded as a liberal battling to retain a post in the new cabinet.

Robert Mauthner adds from **Paris**: In one of the biggest anti-Basque nationalist swoops in France for many months, French police arrested 17 Spanish Basques at the weekend.

The 14 Basques arrested on Friday night were holding a meeting in the village of Ciboure when they were surprised by police. They were later charged with possessing arms and ammunition and participating in an unauthorised foreign association.

One of the three other people arrested during the swoop, a pregnant woman, was released

Plastic processors attack petrochemical companies

BY SUE CAMERON, CHEMICALS CORRESPONDENT

A REPORT *commissioned* on behalf of the UK petrochemical industry provides a serious indictment of the service it gives to British plastic processing customers.

The report *reveals* that some of the smaller processors think the UK petrochemical companies are complacent, arrogant, unresponsive and inflexible compared to their counterparts in Europe.

The UK plastics fabricators who took part in the study on which the report is based say the British producers of their plastics raw materials — companies like Imperial Chemical Industries and BP Chemicals — are less competitive than their Continental rivals.

The processors attacked their UK *suppliers for:*

● Charging up to 6 per cent more for plastics materials than Continental companies.

● Failing to provide an adequate range of grades and colours in their plastic materials.

● Failing to provide plastic *materials of a consistent* standard.

● Taking little interest in their small UK plastic processing customers.

● Insisting on tougher credit terms.

● Putting less effort and money into the development of their products than Continental companies.

● Having "low-level" sales forces which suffer from having little contact with the decision makers in the petrochemical company bureaucracies.

The report was commissioned *by the petrochemicals sector* working party which operates under the aegis of the National Economic Development Office. The UK petrochemical companies, whose interests are represented on the *sector working* party, wanted to find out why British plastics processors were buying more raw materials abroad.

In 1973, imported thermoplastic materials accounted for only 31 per cent of the UK market. But by 1979 this figure *had risen to 39 per cent*. It is thought to have gone up to 41 per cent last year.

The report, which was commissioned last year, was discussed at a joint meeting of the *petrochemicals* and *plastics* processing sector working parties last month.

At the same meeting the two sector working parties discussed the danger of up to 400 UK plastics processors having to shut down as a result of the recession.

The report points out that UK plastics material producers should have a number of advantages over their Continental competitors. It says the majority of processors which took part in the study were prepared to pay a 1 to 2 per cent price pre*mium—£5 to £10 a tonne*—for the security and other advantages of having a UK raw material supplier.

The report makes a passing reference to the fact that many processors *noted* the *"curiously* high coincidence of prices" offered by local suppliers.

US to urge European aid for El Salvador

BY DAVID BUCHAN IN WASHINGTON

A U.S. State Department team is due to arrive in Brussels today at the start of a tour of European capitals designed to convince allies that the Soviet Union is behind arms supplies to the El Salvador guerrillas and to invoke their support for the U.S.-backed ruling junta.

The Reagan Administration *evidently intends to use the war* in the Central American country for an early test of relations with Moscow and NATO allies.

Mr. Alexander Haig, the Secretary of State, feels he has *enough* evidence that the Soviet Union is supplying large quantities of arms to the insurgents—through Cuba, Vietnam and Ethiopia—to publicise this as an instance of the Administration's complaints about Soviet expansionism and support for international terrorism.

At the weekend, however, the second-ranking diplomat in the Soviet embassy here denied that Moscow had supplied the Salvadoran guerrillas directly, but admitted that Cuba and Ethiopia were not restricted in how they used the arms they received from the Soviet Union.

This was seen as another indication that Moscow has decided to step up efforts to counter public charges from the Reagan Administration. Last *week* Moscow published a blunt letter from Mr. Andrei Gromyko, the Soviet Foreign Minister, to Mr. Haig.

The U.S. team, led by Mr. Lawrence Eagleburger, who is to *be the new Assistant Secretary* for European Affairs, will lay out its evidence on Soviet involvement in the El Salvador civil war to officials in Brussels, London, Paris, Bonn and The Hague.

Its tour excludes Rome, as Mr. Haig has voiced his concern directly to Sig. Emilio Colombo, the Italian Foreign

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ICI seeks removal of fuel oil duty

BY OUR CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES is understood to be strongly pressing the Government to remove the UK duty of £8 a tonne on heavy fuel oil —one of the highest levels of duty in Europe. The group said at the weekend the duty could affect the survival of some of its energy intensive businesses.

The company is believed to have warned ministers that the *high duty* in the UK is largely responsible for putting ICI at a substantial energy cost disadvantage to its Continental competitors.

The group, which is Britain's *biggest manufacturing company*, axed about 4,500 jobs in the UK last year—mainly in its energy intensive businesses such as petro-chemicals and fibres. At least as many jobs are expected to go this year.

ICI said yesterday: "In certain areas of our operation the fuel oil tax is the difference between survival in competitive markets and our considering whether we can invest to re-equip the businesses for the longer term.

"Some sectors of our business which are energy intensive are under pressure and we are very keen to see action taken on the heavy fuel oil tax. A number of our foreign competitors have an advantage over us on energy costs—and we are also *suffering* because of the strength of sterling."

ICI, which is a very large buyer of heavy fuel oil, is thought to be urging the Government to remove the duty altogether, make it subject to VAT—which would mean manufacturers would reclaim it in full—or reduce it substantially.

The group, whose 1980 results are due to be published in ten days, recorded its first ever loss of £10m for the third quarter of last year.

ICI's public call for the ending of the duty will add weight to the campaign for its removal already being waged by the Chemicals Industries Association.

The association has repeatedly stressed that UK manufacturers have to pay at least twice as much duty on heavy fuel oil as their competitors in most other West Euro-

Continued on Back Page

Multinationals prefer US banks

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

EUROPEAN-BASED multinational companies are increasingly using more American than European banks as their principal sources of international credit and services.

A survey shows that a small group of about six U.S. banks as their principal sources of *international* credit and services.

A survey shows that a small group of about six U.S. banks are the market leaders in serving the needs of Europe's 600 large multinationals.

It also shows that four of the group of 10 banks with the highest proportion of principal international relationships with the European multinationals are from the U.S. The group includes a British bank, which is ranked second, two German banks, two French banks, and a Dutch bank.

If domestic banks are excluded, the top four U.S. banks are found to have *50 per cent more* principal clients than any European bank.

The study, by Greenwich Research Associates, of the U.S., says the structure and strategies of American banks give them great advantages over European rivals.

It finds that, apart from long-term historical relationships and a necessary link with a domestic bank, multinationals are influenced by the extent of a bank's branch network, the calibre of its account officers and competitive loan pricing.

"As challenger banks to the status quo, the American banks have exploited these last three market needs by developing specific capabilities and especially by selling them effectively to the multinationals," *the report says*.

Greenwich notes that European financial executives — like their counterparts in the U.S. — show strong preference for the efficiency of a strong account officer.

"Not only is a capable person required, but also a structure in which this person has the authority as well as the responsibility to act for the client."

The survey, covering 307 European multinationals with head offices in the UK, France, Germany, the Netherlands, Belgium, Switzerland, Italy and Sweden, shows the typical European multinational uses 19 banks for its worldwide needs.

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Bulawayo counts the cost of guerrilla rivalry

OVER 100 discoloured bodies lay sprawled in three refrigerated meat trucks at Bulawayo station's new grain siding yesterday morning. Under the hot sun, a 50-yard queue of friends and relatives quietly waited their turn to clamber among the frost-coated corpses and look for a familiar face.

Two yellow-gloved policemen, one black and one white, helped the people into the temporary morgue. Many wore makeshift masks over their faces to keep out the stench of putrifying bodies.

Three hours after the grisly process had begun, not a single Government representative or official from the ruling ZANU-PF and Patriotic Front parties had put in an appearance. No one had thought to arrange food and drink for the grieving families.

Unofficial estimates put the casualty toll at 300 in last week's fighting between rival guerrilla factions in Bulawayo, by far the worst disturbances since Independence last April. The main clashes occurred in Entumbane township, where 2,500 Zanla guerrillas loyal to Mr. Robert Mugabe, the Prime Minister, and as many of Mr. Joshua Nkomo's Zipra forces, are quartered in two fenced compounds a few hundred yards apart. Feuding also took place at local barracks housing integrated national army battalions comprising equal numbers of men from both sides.

There is increasing evidence, report **Michael Holman and Christopher Sherwell** in Bulawayo, that the violent clashes in Zimbabwe last week were ethnically inspired. *Up to 300 people may have died as result of clashes between armed former guerrillas loyal to Mr. Robert Mugabe (left) and Mr. Joshua Nkomo*

There is increasing evidence that the violence was tribal in origin, reflecting a 20-year division in nationalist politics between the Shona and Ndebele tribes. The split was vividly illustrated in last February's Independence elections, when Mr. Mugabe's party won the bulk of its 57 seats in the Shona provinces, and Mr. Nkomo's party, with 20 seats demonstrated its near complete dominance of Bulawayo and the surrounding Matabeleland province.

Many eye-witnesses tell of horrifying ethnic violence directed against civilians, although all but a handful of the bodies in the refrigerated rail trucks were guerrillas.

An Ndebele hotel worker, almost in tears, recounts the night-time murder last week of three of his Shona neighbours. He cannot be certain, but he suspects the heavily armed Zipra guerrillas who roamed the townships of being responsible. "We don't understand this," he said in despair. "It is very bad. The two sides should be taken away to fight each other elsewhere and leave us alone."

The worker himself is spending nights in the hotel while his wife has taken refuge with a white friend. Thousands who fled the black suburbs have yet to return to their homes. Many who have gone back sleep under their beds and do not answer the door at night.

At the Bulawayo railway siding, the white doctor on duty, in Wellington boots and short trousers, had treated casualties in the first outbreak of guerrilla fighting last November. Over 55 died then, mainly civilians. "We knew it would happen again," he said, "and made contingency plans which included using these trucks as morgues. Unless these men are disarmed, it will break out again."

Last year some 17,000 whites emigrated, and even before the latest violence there were fears that 20,000 might leave this year, worsening an already serious shortage of skilled workers.

Yet none of the recent violence has been directed against the minority community. The only white killed last week was a plain-clothes Special Branch officer who, ironically, is said to have survived 14 guerrilla ambushes in the seven-year war before independence.

For most of the 30,000 whites in this industrial and railway city, post-Independence life has been as comfortable as ever. But never during the war years was the city brought to a halt as happened last week.

Entumbane was on the brink of civil war, with Air Force helicopters directing mortar attacks from the white-officered Rhodesian African Rifles in an effort to quell the fighting.

Another part of the city was the scene of firing as Government troops destroyed or badly damaged three armoured vehicles carrying Zipra forces approaching the city centre. By Thursday, shops, offices and schools, had been closed and milk and bread deliveries cancelled. Refugees from the townships slept on city pavements and soldiers and police patrolled the near empty streets.

There is now an uneasy lull. But at his home in Pelendaba township last week, Mr. Nkomo expressed his fears of further violence unless both groups of armed guerrillas were moved without delay. As he spoke, a burst of machine gun fire broke out in the distance.

Thai Government takes over Summit oil refinery

BY DAVID BUTLER IN BANGKOK

THE THAI Government has abruptly terminated its contract with the Summit Industrial Corporation (Panama) for the operation of one of the country's three oil refineries.

The refinery, whose three units have a daily processing capacity of 65,000 barrels, is owned by the Defence Ministry. Summit operated the refinery from its construction in 1965 under a lease that was to expire in 1990.

The order terminating the lease made no mention of labour troubles that have disrupted the refinery for two weeks, citing instead a series of alleged contractual violations.

After a 45-day transition period, the Government will operate the refinery. Officials said the company would receive no compensation.

Mr. C. J. Huang, Summit's managing director, expressed surprise at the move, and said that he would have to consult his head office in New York.

Thailand has never nationalised a foreign company, and the cancellation of Summit's lease caused consternation among some Western businessmen.

Officers held after Maputo raid

BY QUENTIN PEEL IN JOHANNESBURG

EIGHT Mozambique Army officers are to be tried for treason for allegedly assisting the South African raid on houses belonging to the exiled African National Congress outside the capital, Maputo, two weeks ago.

President Samora Machel, who accused the South African Government of "acts of war" against his country, paraded the eight in handcuffs and irons at a mass rally in Maputo on Saturday.

In South Africa, the Government banned attempts by black organisations to hold commemoration services yesterday for the 11 ANC men killed in the raid. Two South African soldiers and a Portuguese civilian were also killed.

President Machel has previously accused South Africa of giving arms and assistance to dissidents belonging to the Mozambique Resistance Movement (MRM) in the country.

Two of the accused officers were in command of the military base at Matola, where the raid took place, and had allowed the South Africans to go by without firing a shot, he said. Others, including the commander of the army's armoured car regiment, Lieut-Colonel Josias Dlacama, had passed secrets to South African military intelligence, he said. They face a possible death sentence.

Earlier last week, the Mozambique authorities paraded two deserters from the MRM, who said that South Africa had been supplying the movement since the end of the war in Zimbabwe.

President Machel said that "in military and diplomatic terms, these are acts of war."

However, five officials of the South African Railways, who act as liaison men in Maputo, returned to Mozambique last week after assurances that their safety was guaranteed.

Japan 'set to resume Iran oil imports'

By Richard C. Hanson in Tokyo

JAPAN IS said to have reached a tentative agreement to resume imports of Iranian crude oil starting this month at a premium of $1.80 over the official Iranian price per barrel of $37.00 for the first three months of a nine-month contract.

Reports from Iran reaching Tokyo yesterday said the 12 Japanese importers negotiating in Tehran appeared ready to import about 150,000 to 200,000 barrels per day beginning late in February. This would be about one-third of the 530,000 barrels per day Japan was importing from Iran before shipments were halted abruptly in April last year, nominally over a pricing dispute.

Formal agreements are expected to be signed later this week with the trading houses and oil companies involved.

Under the tentative agreement Japan would pay a $1.80 premium for the first three months of a contract extending from January this year to September. The amount of the premium is believed to be less than the Iranian Oil Company was originally asking. Japan is, however, not getting a bargain.

To ship the oil while the Iran-Iraq war continues, Japanese importers must hire third country tankers paying a premium in insurance and freight.

The average price for nine months, including the initial premium, works out to about $37.60 per barrel, a price the Japanese Government will probably not object to. The Ministry of International Trade and Industry, which monitors Japanese oil imports, has been cautious about accepting oil prices higher than international markets call for.

The volume of oil being negotiated with Iran would represent about 4 per cent to 5 per cent of Japan's total oil imports. Iran was providing more than 10 per cent of Japan's oil needs before shipments stopped in April.

Iran claims first hold on Iraqi territory

BY TERRY POVEY IN TEHRAN

IRAN claimed yesterday that its forces had crossed into Iraq and captured an Iraqi border garrison. This is the first time in the four-month war that Iran has claimed the capture of Iraqi territory.

A communique from the Iranian joint chiefs of staff said that troops from its 28th Division in Sanandaj had captured the "garrison of Jalaneh and the heights of Tete." The area lies on the Iraqi side of the common border in the central mountainous region of Kurdistan, which straddles the two countries.

Amidst a welter of military reports that may indicate a general stepping up of the Gulf war, Iran also claimed to have shot down two Iraqi MiG fighter aircraft over the town of Kamyaran, south of Sanandaj, as well as the successful use of TOW wire-guided missiles against tanks and emplacements in the Ahwaz and Abadan areas in the south.

Meanwhile, Kirdish guerrillas who are fighting for the autonomy of Kurdistan claim to have seen considerable numbers of Jordanian troops across the border in northern Iraqi Kurdistan.

Iranian Kurds, recently in Iraq with their compatriots of the Popular Union of Kurdistan, an Iraqi-based Kurdish movement, report seeing Jordanian troops stationed in army barracks all the way up to the border with Iran.

There is no independent confirmation of the claim. If correct, the report would mark a substantial increase in King Hussein's present commitment to the Iraqi cause.

Yesterday, there were further reports of fighting between Kurdish guerrillas and Iranian Government forces around the town of Mahabad. The Iranian news agency said that a group of "armed bandits" had attacked the town's radio and television station.

However, Kurdish spokesmen say that there has been heavy fighting around Mahabad for the past month and that they had actually taken control of most of the town on January 22 before being repulsed by heavy shelling and a clash with an army convoy. Since then, they say they have repelled three Iranian columns sent in to reinforce the town's garrison.

The Government in Tehran accuses all the armed groups operating in Kurdistan of siding with Iraq. The main Iranian Kurdish organisation, the Kurdish Democratic Party, has recently attempted to reopen talks with President Abol Hassan Bani-Sadr but no progress on this has been reported.

The second largest organisation, the Komaleh, which supports the national religious leader, Sheikh Ezzedine Hosseini, claims that a tacit alliance between the KDP and the Iraqi forces exists in the border areas.

Tehran building big gas plant

By Terry Povey in Tehran

IRAN'S Oil Ministry announced yesterday that it had started building the world's largest natural gas gathering and treatment plant without the aid of foreign experts.

The Deputy Oil Minister said that 90 per cent of the equipment needed for the plant had been imported despite sanctions by the West, and that the first stage should be finished by 1983. A second stage is planned to come on stream by 1986, giving about 80m cubic metres of gas daily, he said.

The complex is intended to make use of the untapped Kangan field on the Gulf coast between Busher and Bandar Abbas. Iran's Oil Ministry say that proven reserves in the field are 821bn cubic metres and that output will be used to fuel the petrochemical industry as well as providing more gas for an expanded domestic pipe gas supply.

U.S. tax cut proposed for July 1

By David Buchan in Washington

AS U.S. PRESIDENT Ronald Reagan put finishing touches during a weekend at Camp David to the economic programme he will present to Congress on Wednesday, the White House revealed that the proposed 10 per cent cut in income tax rates is planned to take effect on July 1.

But Mr. Reagan plans to ask Congress to make increases in depreciation allowances for business retroactive to January 1, so that business will have an immediate incentive to increase investment in plant and equipment.

It was also disclosed that the President had decided not to include in his first tax bill a request that the top rate of unearned income, such as dividends and bank interest, be cut from 70 to 50 per cent.

Mr. Reagan had been urged to cut the unearned income tax rates by both Mr. Donald Regan, his treasury secretary, and Mr. David Stockman, his budget director. But out of sensitivity that this would be viewed as "something for the rich," the President postponed any such measure, according to Mr. Jim Brady.

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Dutch not in favour of Benelux move on Japanese cars

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS is not in favour of the Benelux countries imposing limits on the level of Japanese car imports despite its decision earlier this month to tighten up the registration of imported vehicles.

The European car industry might benefit from a breathing space from the pressure of imports, but this could be better achieved by persuading Japan to agree to voluntary limits by imposing controls, said Mr. Gijs van Aardenne, the Economics Minister.

The Dutch share the viewpoint of West Germany that trade restrictions are inadvisable and protectionism does not produce positive results. What is needed is for European manufacturers to improve their competitiveness against Japan, Mr. van Aardenne told journalists.

While trading agreements with Japan would allow the Benelux countries to take action, the Dutch would favour an EEC initiative. Belgium, the most concerned among the Benelux partners about the level of imports, would not be able to take effective action on its own.

He said the Dutch Government hopes the EEC would approve an EEC council request this week to seek more talks with the Japanese on export restraints.

From the beginning of February the Netherlands has required importers of Japanese cars to provide considerably more details about the numbers and types of vehicle coming into the country. The Economics Ministry described this as a purely administrative measure to bring Dutch reporting requirements up to the level of other EEC countries.

The Dutch export half of their gross national product and have traditionally been strong supporters of free trade. The official view is that any protection offered to domestic industry must be temporary, but the decision to tighten up reporting requirements on Japanese car imports has already provoked a protest from the Dutch wholesalers' alliance.

Vehicle sales rise sharply

TOKYO—Toyota Motors and Nissan Motors, Japan's two top automakers, have announced a surge in their exports to the U.S. in January, but traced the rise to large inventories, not to more aggressive marketing policies.

Toyota reported its exports worldwide reached a new high for any January—147,424 units, up 13.4 per cent from a year ago—with 64,792 units going to the U.S., an increase of 9.8 per cent.

AP

World Economic Indicators

TRADE STATISTICS

		Dec. '80	Nov. '80	Oct. '80	Dec. '79
UK £bn	Exports	3.929	3.960	3.843	3.773
	Imports	3.683	3.505	3.384	4.038
	Balance	+0.246	+0.455	+0.459	−0.265
Germany DMbn	Exports	30.2	28.8	32.0	28.70
	Imports	29.2	28.4	30.3	27.20
	Balance	+1.0	+0.4	+1.7	+1.50
France Frbn	Exports	43.247	42.180	42.160	37.692
	Imports	47.437	47.488	46.654	38.975
	Balance	−4.190	−5.308	−4.494	−1.283
Japan U.S.$bn	Exports	14.050	10.837	11.539	10.706
	Imports	11.660	10.292	10.763	10.044
	Balance	+2.390	+2.390	+0.776	+0.662
U.S. U.S.$bn	Exports	19.11	18.634	19.088	16.929
	Imports	22.09	19.422	20.060	18.546
	Balance	−2.98	−0.788	−0.972	−1.617
		Nov. '80	Oct. '80	Sept. '80	Nov. '79
Holland Flbn.	Exports	12.146	12.886	12.038	12.124
	Imports	12.803	13.311	12.458	12.796
	Balance	−0.657	−0.425	−0.420	−0.672
Italy Lirebn.	Exports	6,047	5,167	5,308	5,228
	Imports	7,454	7,511	7,733	6,676
	Balance	−1,407	−1,894	−2,425	−1,448

THE PROTECTIONIST LOBBY

Protest swells from UK textile industry

BY RHYS DAVID

THOUSANDS OF textile, clothing and footwear workers descend on Parliament today in one of the biggest protests yet against the loss of jobs in their industries.

Disregard bordering on indifference is how the TUC sees the Government's response to the crisis in the three sectors, where around 100,000 jobs have been lost in the past 12 months and where much of the remaining 700,000-strong labour force is on short time.

At a rally to be held later at Westminster Central Hall, demands will be made by 16 unions for tougher action against imports, for a strengthening of the GATT Multi-Fibre Arrangement—the agreement which regulates world trade in textiles—and for reversal of the Government's entire economic policy.

But the TUC is just one voice trying to make itself heard on behalf of the textile industry. Over the past year all the main sectoral trade associations—the British Textile Employers in Lancashire, the Confederation of British Wool Textiles in Yorkshire, the Knitting Industries Federation in Nottingham, the British Carpet Manufacturers Association and the British Man-Made Fibre Federation—have beaten a path to Whitehall with complaints about unfair imports or about the economic climate in which their members have to operate.

Within the next few weeks the Lancashire producers will be presenting to the Department of Trade allegations that the U.S. textile industry is dumping bed linen in the UK—the latest in a long line of protests from various parts of the textile industry against American imports.

Largely at UK instigation, an EEC team has just been in Washington trying to persuade the U.S. Government to urge restraint on American exporters.

Parallel with this firefighting approach, the industry's wider lobbying aim is to ensure that the framework the Government and the EEC create for international textile trading remains broadly favourable—a task which falls in the UK mainly to the British Textile Confederation, the overall trade association representing management and unions set up nine years ago specifically to give the industry a single voice on issues of common interest.

Together with its sister association, the recently renamed British Clothing Industries Association, the BTC was able to influence the UK Government's position in the run-up to negotiation of the second MFA agreement in 1977. With a new MFA due to be negotiated later this year the BTC outlined as early as the middle of last year its views on the shape of the next agreement and is hoping its latest proposals will again permeate government thinking.

The effort put into lobbying by the industry has grown in proportion with its problems and has succeeded in winning a greater panoply of controls on imports than is enjoyed by any other sector.

Yet while the textile industry would argue that the particular circumstances of world textile trade justify this special treatment, its very success has paradoxically persuaded a number of anti-import restraint groups that they, too, should join the battle for the ear of Government ministers.

Thus submissions to the Government on the next MFA have come not just from the industry but from the World Development Movement, arguing a Third World case, from the British Importers' Confederation, the Retail Consortium, and the Consumers' Association, anxious about the effect on prices. All favour a diminution rather than an extension of controls.

The approach the Government is likely to adopt in the face of this conflicting advice, and the views of Mr. John Biffen, the new Trade Secretary, are not yet clear. But the Government has generally conceded that orderly trading in textiles requires a framework of controls.

U.S. seeks even foreign sales approach

BY PAUL CHEESERIGHT

THE REVERSE side of the UK industry's vocal attempts to curb the rise of U.S. textile sales on the domestic market is the satisfaction of the U.S. in having created a demand for its products. And this did not come by chance.

The U.S. Commerce Department has a Textile and Apparel Export Expansion Programme and one of its aims is to develop a cohesive approach to each major geographical region.

"Initial emphasis has been placed on the European market, which because of its size and familiarity is the best area for introducing most textile and apparel firms to exporting," said Business America, a trade publication of the Commerce Department. "All of the overseas trade promotion activities to date have been held in Western Europe."

The expansion programme is a joint industry-Government effort, the first of its type for the industry. It has worked to the extent that total export growth was 45 per cent in 1979 and in the first 10 months of 1980 was 15 per cent for textiles with sales of $2.8bn and 31 per cent for clothing with sales of $828m.

"Our overseas sales have climbed much faster than domestic sales, putting our industry in a healthier position than it would otherwise be," noted Mr. George Vargish, President of the U.S. Apparel Council. The concomitant of this is the hope in European industry that once U.S. demand revives, the export pressure might ease.

Some U.S. executives are worried that recession in Europe may cloud the near-term sales prospects. But the consensus, according to Business America, is that there are "strong medium- and long-term prospects for further advances in foreign sales."

To help the process, the expansion programme is engaged not only in detailed market and product surveys on the European market but in a concerted effort to combat what are considered to be the barriers to trade. This is being done through the Commerce Department's Committee to Eliminate Textile Export Barriers (CETEB).

From the U.S. point of view the most important barriers are the Rules of Origin maintained by the EEC and EFTA. It is clear "they are designed not only to prevent trade deflection (selling goods in a low tariff market for transhipment to countries with a high tariff) but also to act as a specific trade barrier to our textile imports," said Business America.

Scottish companies in export sales of £3m

By Our World Trade Staff

SCOTTISH Development Agency trade drives last year collected orders of £3m compared with £1.6m in 1979. "An even greater return is expected in a series of new look trade tours during 1981," the SDA said.

Over 100 Scottish companies exhibited in North America, Europe and Japan on seven trade tours last year, as the SDA sought a more aggressive approach to marketing. Most orders—£1.4m worth—were won by clothing, tweed and knitwear manufacturers.

The export performance, although small in absolute terms, is at least a partial response to persistent official urging for more small companies to enter the export markets.

It also goes some way to meeting the demands, expressed last week, of the Commons Trade and Industry Committee, which recommended that small businesses should co-operate in their approach to export markets.

The SDA is adopting this co-operative approach. Its first drive, later this week, is to Canada with 18 small woollen textile companies.

- Tecquipment International of Nottingham is to supply Iraq with teaching laboratories worth more than £2m. The laboratories are destined for sites at Najaf and Ramadi, which are being developed as institutes of technology. The contracts have been placed by Marubeni Corporation of Japan, the developer of the project.
- Metrotect, a Tonbridge unit of AAA Industries is to supply primer and coal tar enamel valued at £1.75m for land and offshore pipelines in Egypt, Iraq, Kuwait, United Arab Emirates, Indonesia, Thailand, and the Philippines. The enamel is used as protection against corrosion.
- Elce Power Plant of Bradford has won a £1m contract to supply 60 electricity generating sets for schools in Nigeria. The sets, for prime power and emergency use, incorporate Rolls-Royce and Perkins diesel engines.

SHIPPING REPORT

Speculation grows that more tankers may be laid up

BY OUR SHIPPING CORRESPONDENT

IN THE tanker market there is increasing talk of laying up ships because of market weakness even though the latest statistics show that the world's idle tanker fleet fell to its lowest level for several years at the end of 1980 when a mere 77 vessels (7m dwt) were laid up.

Normally, the early part of the year is characterised by a fairly healthy demand for tanker tonnage. However, the combination of a relatively mild winter and high oil stocks has reduced demand. In 1980, for example, oil imports through Rotterdam, Europe's main oil terminal, fell by 17 per cent and they are expected to fall still lower in 1981.

Against a background of sharply reduced demand and a continuing surplus of tanker tonnage rates for the very large crude carriers dropped to Worldscale 26 last week for the standard voyage from the Arabian Gulf to Europe. According to shipbrokers E. A. Gibon, some 25 giant tankers of over 200.00 dwt are waiting for cargoes in the Arabian Gulf. With this sort of backlog it is unlikely that tanker rates will show much short-term improvement.

The only area which has shown any sign of life has been the Caribbean market but once again the surplus tonnage in the area has outweighed the increase in demand and rates have remained depressed.

In the dry cargo markets, the previous week's easier tone has been halted, and the going rate for 60,000 tonners on the U.S. Gulf/Continent grain trades firmed by around 50 cents to $19 per tonne.

Russian sugar buying has had little impact on the freight market and Denholm Coates reports that Russian and Chinese activity in the grain trades has been at a "very low ebb." The markets appear to be waiting for President Reagan's statement on the future of the Russian grain embargo.

In the sale and purchase market, a number of UK shipping companies such as Ellerman and Bank Line have been selling tonnage over the past few months and with the end of the British seamen's industrial action the owners are forecasting that up to 40 UK ships will either be scrapped or sold.

Eggar Forrester reports that because of the attractive export credit facilities offered by the UK Government, foreign buyers are prepared to pay some 10 to 15 per cent above the market price for UK vessels.

Oil costs in Spain rise by 55%

MADRID—Spain paid $10.8bn (£4.1bn) to import 48.6m tons of crude oil in 1980, up 55 per cent from $6.8bn paid for 47.5m tons in 1979.

Spain's Commerce Ministry said that the country's main oil supplier last year continued to be Saudi Arabia with 14.7m tons, followed by Iraq with 6.3m, Mexico with 4.9m, Libya with 4m, Venezuela with 3.4m, Iran with 2.9m and Dubai with 2.8m tons. Spain's oil needs for 1981 were estimated at 49m tons.

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UK NEWS

Lloyd's works on formula to win approval for Bill

BY JOHN MOORE

A GROUP of Conservative MPs who have criticised a Parliamentary Bill for improving self-regulation within the Lloyd's of London insurance market are likely to receive details of further possible amendments to the Bill.

Lloyd's, through Sir Graham Page MP, who is steering the Bill through on Lloyd's behalf, has been trying to find a formula which will meet the criticisms of the Bill while not making any radical alteration to its contents.

Lloyd's fears that if the Bill is changed, it will have to go back to the 20,000 members for approval and this would delay the passage of the Bill.

Before a private Bill—a Bill promoted by private interests—can be presented to Parliament it has to be approved by those concerned. Lloyd's held a meeting of its members last November in the Royal Albert Hall to gain their approval for promoting the Bill.

It is scheduled for a three-hour debate in the Commons next month and Lloyd's is attempting to head off any possible opposition to its planned legislation.

Among the key changes being considered are whether working members of the market should have a right, rather than a duty, to report doubtful insurance claims to a new Lloyd's ruling council.

An increase in the number of non-working members of Lloyd's, who will have seats on the Council, is also being considered. Lloyd's has been criticised for permitting only six of the non-working members, who represent 16,000 of the total membership, to have seats on the 25 strong council.

Working members of Lloyd's who represent about 4,000 of the total membership, are to have 16 seats. Lloyd's is considering increasing the number of seats of non-working members from six to eight.

Lloyd's is still under pressure to remove from the Bill a blanket indemnity, which protects its officials against liability arising from legal action.

So far the controversial indemnity clause—Clause 11—has been removed from the main body of the Bill into a schedule of the Bill for implementation by a future by-law. Any by-law implementing the indemnity will require confirmation by the Privy Council and approval by both Houses of Parliament.

The issue of whether insurance brokers should divest themselves of the right to manage an underwriting agency because of conflicts of interest is providing the biggest problem.

No mention of divestment is made in the planned legislation, but Lloyd's is under pressure from many quarters to see that the proposal, as recommended by Sir Henry Fisher, who studied self regulation at Lloyd's, should be implemented.

It is being debated whether Lloyd's should give an undertaking that decontrol of agencies, stopping short of total commercial divestment, will take place or whether full divestment should be implemented.

Italian police ask for reopening of the files on Fiat cars' insurance settlement

LLOYD'S of London is to reopen its files on an insurance claim made six years ago involving 301 Fiat cars. The move follows a request by the Italian police who are investigating the settlement of the claim.

The Italian police have made their request to Lloyd's through the British police. Lloyd's said this weekend it is likely the Italians will want to see a special internal report of Lloyd's, the insurance market supported by a private membership.

The report into the settlement of the claim was prepared in 1978. Lloyd's said the Italians would also probably want to see the files of broking companies and underwriters involved in the settlement.

"Underwriters are giving their full co-operation to the Italian authorities," said Lloyd's.

The Italian police have made fresh moves in their long running inquiries into the circumstances and aftermath of the insurance settlement.

Sgnr. Walter Fenoglio, a former export director at Fiat who has retired, has been told by the Italian authorities that he may be required to testify in any eventual case. The initiatives have been taken by the Turin police.

The eventual settlement of reinsurance claims on 301 Fiat cars after alleged fire damage on board the cargo shop Savonita provoked a storm of controversy in 1978. The matter was brought to the attention of the House of Commons by Mr. Jonathan Aitken, Conservative MP for Thanet East.

Mr. Aitken had been severely critical of the Committee of Lloyd's for not intervening in the matter. He said the claims could have been fraudulent.

An investigation by loss adjusters had shown earlier that 301 Fiat cars were unloaded, declared a constructive total loss, and sold to a Fiat dealer in Naples for approximately 15 per cent of their new value. An insurance claim was made against SIAT, then the Fiat-controlled marine insurance company, which claimed on its reinsurances at Lloyd's and London insurance companies.

Sterling trading in gold planned for London futures market

BY JOHN EDWARDS, COMMODITIES EDITOR

A STERLING contract for trading in gold—the first of its kind in the world since gold is normally priced in dollars—has been recommended by the working party drawing up plans for the proposed London gold futures market.

However, the working party, consisting of representatives from the London Metal Exchange and bullion brokers, has not yet put a starting date for launching the market, although the original target was April or May.

It says only that the final stages have been reached in the formation of the company, London Gold Futures Limited, which will run the proposed market. The launch may thus be postponed for some months.

Among other recommendations from the working party are that the contract should trade up to six months ahead, with six separate monthly quotations, in lots of 100 ounces each, and a London delivery point.

It suggests that market should be located at the new London Metal Exchange premises in Plantation House in the City, and that the initial membership be confined to "ring" dealing members of the Exchange and the bullion brokers, who form the existing London gold market.

The "daily" fixings, in dollars, by the bullion brokers would be unaffected and continue as before, just as is the case with silver.

Yet to be agreed by the working party are the hours of trading, although these will probably be mainly before the Metal Exchange starts dealings at 12 noon, and details of a proposed Guarantee Corporation that will be formed from a consortium of banks and financial institutions.

Local authorities are 'safe investments'

By Robin Pauley

BRITISH local authorities islands of stability, being both safe and attractive for a wide range of investors in an uncertain financial world, says a City report published today.

Phillips and Drew, stockbrokers and analysts, says that no local authority has ever defaulted on its debt obligations to the public, and local authority stock issues in existence today have been serviced with complete regularity—some for more than a century.

The authors of the report believe that the Government would take immediate steps to reinforce this stability if it ever came under attack. "Short of a circumstance that on December 1 in some year the interest on War Loan is not paid, we can find no evidence that a lender to a local authority is anything but safe."

There are two main safeguards. One is that councils cannot borrow to finance revenue expenditure and cannot budget for a deficit. So they must raise enough in local income to balance the books each year.

The second is that the Public Works Loans Board, which exists to makes loans to councils, stands ready to act as a lender of last resort if a council needs to borrow quickly and cannot raise money elsewhere.

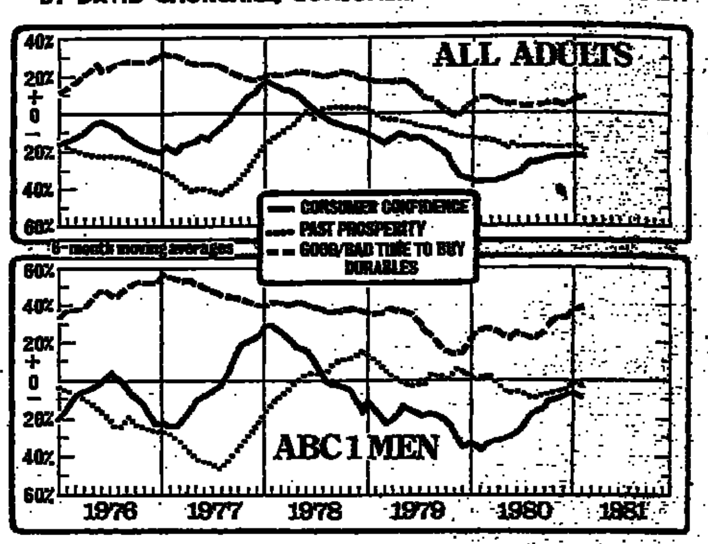
Because all councils have the same access to the PWLB their status is both raised and equalised one with another, says the report. A system of credit rating of councils has therefore never evolved.

Local authority bonds are treated in the secondary market by coupon and maturity date without even naming the council whose paper is changing hands, even though each authority is responsible for servicing its own debt.

The report shows that councils in the UK had total outstanding debt of £36.578bn on March 31 last year, 70 per cent of it (£25.855bn) for housing.

Survey shows falling consumer confidence

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT



THE LEVEL of consumer confidence fell in February following the sharp recovery in confidence after Christmas.

The Financial Times index of consumer confidence, published today, now stands at minus 25 per cent, a fall of 3 per cent on the January index. In December, however, the index stood at minus 31 per cent.

The February index is based on a survey of just over 1,000 consumers. Some 45 per cent expected conditions to worsen, while only 20 per cent thought that things would get better. (The rest of the survey sample either gave no response or expected conditions to remain stable.)

However, the latest survey of consumer confidence shows a major improvement on the position a year ago. In February, 1980, when the steel strike was on, consumer confidence fell to its lowest level ever of minus 46 per cent.

Last year rising prices and industrial unrest were cited by pessimistic consumers as their main reasons for worry, while unemployment was only of minor concern.

But over the past year the position has changed drastically with unemployment now the single most important reason cited by 51 per cent of pessimistic consumers this month. Fears over industrial unrest were only mentioned by 1 per cent of the pessimists this month, but the survey was carried out before the miners' decision to take industrial action if pits are closed.

The second major reason given for pessimism was the Government's economic policies, cited by 23 per cent. Rising prices followed closely behind this, mentioned by 21 per cent.

The few optimists in the survey have now overwhelmingly chosen a rather nebulous ground for hope. Their main reason is that "things must improve." This was cited by 69 per cent of them.

The "unemployment index"—which shows consumer expectations about rising unemployment—improved slightly this month but is still at a historically high level. In February, some 64 per cent of the survey felt unemployment would worsen while only 11 per cent thought it would improve. This gives an index of plus 53 per cent, compared with plus 56 per cent last month.

The Financial Times survey of consumer confidence was carried out between January 29 and February 4.

Savings unlikely in water inquiry

BY ROBIN PAULEY

MINISTERS are preparing for the possibility that their request that private accountants investigate the proposed rises in water charges might rebound They now feel there may be little scope for the increases to be held down.

The Government became anxious when it seemed likely that the nine water authorities in England were planning rises of between 14 and 28 per cent—with five of the increases above 20 and the average 21 per cent.

Mr. Tom King, Local Government Minister, warned Mr. Michael Heseltine, Environment Secretary, who agreed with Mrs. Thatcher that an inquiry was needed fast.

Three firms of accountants—Coopers and Lybrand, Price Waterhouse and Arthur Andersen, which between them audit all of the nine authorities' accounts—were asked to investigate. They have been checking each other's authorities and none is reporting back on the authority for which it normally works The cost of the inquiry could be as much as £30,000.

But Ministers have since become aware that it may not be possible to realise their hopes of a recomendation that rises of no more than 10 per cent are needed. The reason is the Government's own policy on the water authorities, which had total revenue expenditure of £1.52bn in 1979-80 including Wales.

First, water authorities are required for the first time to show a specified return on assets of 1.25 over three years.

Second, the old equalisation scheme has been abandoned. Under this, water authorities with lower than the national average costs for supplying unmeasured water paid a levy to authorities with above average costs. Urban areas—Thames and Severn Trent—paid the levy to rural areas. The loss of this levy is one reason why rural authorities are planning the highest rises in charges.

In addition, industrial measured water use has declined with the recession, generally by about 5 per cent. This places a greater burden on the domestic consumer, and here the northern regions have been hardest hit.

Another difficulty is that water authorities are obliged to follow current cost accounting procedures and have therefore set money aside to finance future replacement of capital equipment rather than writing the value off and taking a new borrowing for replacement.

Ferry takeover may mean new North Sea service

BY WILLIAM HALL, SHIPPING CORRESPONDENT

A NEW ferry operator could soon appear on the North Sea following the rationalisation of the Baltic ferry services of Sweden's Stena Line and Sessanlinjen. The two companies have eight jumbo ferries on order and, following Stena Line's takeover of Sessan, there is now excess capacity.

Some of the new ferries, which can carry up to 2,800 passengers and 850 cars, will be used on the 3-hour crossing between Gothenburg in Sweden and Fredrikshavn in Denmark. But Stena Line is understood to be considering placing new ferries on the Sweden/UK route.

Twelve months ago, Tor Line, which is owned by two Swedish shipping groups, merged its passenger operations in Sweden with Sessanlinjen. Tor Line operates two ferries capable of carrying 1,500 passengers and 400 cars, between Gothenburg, Felixstowe and Amsterdam.

Following the Sessan takeover Tor Line has decided to concentrate on its traditional North Sea routes.

Stena Line takes delivery of the first of its new ferries next month. Sessan Line's two new ferries are also scheduled for delivery this year.

Nationality Bill 'will harm British interests'

BY ELAINE WILLIAMS

THE PROPOSED British Nationality Bill is prejudicial to British interests and will not protect all British citizens working abroad says the London Chamber of Commerce.

The chamber criticises the Bill because it will require that children born abroad should have at least one parent either employed with or seconded from a British-based organisation.

It claims that there are at least five different categories of persons who may experience difficulties in registering children as British citizens. These would include employes of UK companies who have converted to local registration because of political or economic pressure, and employees of multinationals in which there is considerable British interest but which are based overseas—such as Unilever or Massey Ferguson.

Mr. W. F. Nicholas, director of the London Chamber of Commerce, has written to Mr. William Whitelaw, Home Secretary, urging changes in the legislation and warning: "If the Bill is passed in its present form, a substantial number of able and experienced British executives will be discouraged from working abroad because of uncertainty over their children's nationality."

Power inquiry re-opens

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A PUBLIC inquiry will re-open today into the Central Electricity Generating Board's plan to build a converter station at Sellindge, Kent, as part of a £300-£400m link-up between the British and French electricity supply systems.

Local protestors want the 80-feet high converter plant to be built at Dungeness, where there are two other power stations.

But the CEGB says it is not feasible to lay a trenched subsea cable to Dungeness because of hard rocks and the steep seabed.

The reconvened inquiry will only consider the issue of the cable route and is expected to last just a few days.

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TUC urges members to help Solidarity

By Our Labour Staff

THE TUC has asked its members to indicate what help they could provide for the Polish free trade union. Solidarity.

In a circular to affiliated unions, Mr. Len Murray, the general secretary, makes clear the strong wish of the TUC to respond positively to any requests from Solidarity for aid.

The TUC's response to the emergence of Solidarity has previously been controversial. At the TUC's annual conference last year, sharp criticism, particularly from Mr. Frank Chapple of the electricians' union, played a considerable part in the congress decision to cancel its visit to Poland to meet the "official" Polish trade unions.

But the TUC is now ready to co-ordinate the response of British trade unions to Solidarity's needs.

Among practical measures being considered, is the provision of basic office equipment, including duplicating and printing machinery, which is not available in Poland, and the eventual provision of places for Solidarity representatives on the TUC courses for basic trade union training.

Textiles lobby at Westminster

THOUSANDS of textile, clothing and footwear workers will visit Parliament today in one of the biggest protests yet against the loss of jobs in those industries.

About 100,000 jobs have been lost in the past 12 months and much of the remaining 700,000-strong workforce is presently on short-time.

Firemen fight to keep pay formula

BY PAULINE CLARK, LABOUR STAFF

FIREMEN'S UNION leaders are preparing today to enter a renewed battle with local authority employers to preserve their pay formula agreement—an issue which led to a bitter campaign of national industrial action by firemen only three months ago.

The firemen won an 18.8 per cent two-stage deal under the formula in November but employers have now given formal notice that they are withdrawing from the 1977 agreement so that future pay negotiations can be conducted "according to the circumstances prevailing at the time."

The Fire Brigades Union said this weekend that it would "totally oppose" the employers' decision to end the firemen's pay links with those of skilled workers, when it meets local authority leaders at a national joint council meeting today.

The union is unlikely to formulate a firm strategy for a renewed fight over the issue, however, until its annual conference takes place at Bridlington in May.

It will also want to know the outcome of county council elections during the same month since it was the resistance of the Conservative-dominated county councils to the pay formula agreement which led to last year's action.

In a letter to fire authorities and to the union earlier this month, Mr. Brian Rusbridge, secretary of the employers' side, said that "as the agreement takes no account of the employers' ability to pay, supply and demand, and productivity considerations, it is too inflexible to be sustainable."

The letter also proposed changing the firemen's pay settlement date to January—a move which would prevent them taking a lead in battles over public sector pay early in the wages rounds.

The union will also today oppose a series of proposals by employers aimed at achieving economies in the fire service based on greater flexibility in the use of manpower.

Unions oppose Talbot decision to close plant

By Philip Bassett, Labour Staff

THE GOVERNMENT will be urged to protest forcefully to Peugeot Citroen over the decision of Talbot, its UK subsidiary, to close its Linwood plant in Scotland with the loss of all its 4,800 jobs there, Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers' Union, said yesterday.

Speaking after a Glasgow meeting of senior union officials to consider Talbot's announcement last week of the closure of the plant, which is Scotland's only car manufacturer, Mr. Hawley said that every motor company in the world was in difficulty—but that did not mean that the Scottish arm of the industry had to be cut off.

The meeting, including MPs as well as union officials, decided that the closure would be fought "to the highest level." Mr. Jimmy Milne, Scottish TUC general secretary, said he thought the unions could win.

Blockades by fishermen spread

FINANCIAL TIMES REPORTER

SCOTTISH fishermen's protests at cheap imports continued to spread yesterday with blockades affecting Aberdeen and Peterhead.

Their anger was directed at the directors of the Scottish White Fish Producers' Association, which represents more than 400 boats. It recommended on Saturday that the fishermen return to sea today.

The decision by the directors, who had received mandates from fishermen in their home ports, was 19 to 17 in favour of a return, but included six votes in favour by fish salesmen's representatives.

Angry fishermen, who claimed salesmen should not have voted on the issue, immediately imposed a blockade at the chief white fish port of Peterhead where several hundred boats are tied up. Fraserburgh fishermen, with nearly 100 boats, also agreed to remain tied up.

As details of the vote became known yesterday, fishermen in Aberdeen, whose local producer's association had agreed to abide by the decision, placed six boats across the entrance to the fish market basin. But they left open other channels, including those used by oil rig supply boats.

Fishermen in Aberdeen were yesterday forming an action committee to continue the blockade and were expected to form picket lines today to keep out deliveries of continental fish by freezer lorry. In the Moray Firth ports of Buckie and Lossiemouth fishermen were returning to sea.

Veto on electronic work tally urged

BY OUR LABOUR STAFF

NEW TECHNOLOGY work measurement schemes, such as payment by the number of key depressions on a word processor, should be resisted because they are likely to increase stress, the white-collar Association of Professional, Executive, Clerical and Computer Staff says today.

The union, in a guide to negotiators on the health and safety aspects of dealing with new technology, published today, says the introduction of a productivity bonus scheme through such work measurement system should be "resisted at the planning stage of the introduction of new technology."

APEX, which has predicted the permanent loss of 500,000 clerical jobs by 1983 due to the introduction of new technology, presents negotiators in the guide with a 50-point checklist to use when inspecting a system based on the use of visual display units (VDUs).

The union notes that no Health and Safety Executive code of practice has yet been issued on VDU technology. It insist that VDU screens must present a clear signal, free from glare and flicker.

INSURANCE

Retroactive cover can profit both parties

By David Lascelles

MOST PEOPLE think insurance can only be bought before a catastrophe strikes. Yet MGM, the large U.S. entertainment company, announced last week that it had bought more than $100m (£43.76m) in extra insurance cover on its Las Vegas Hotel which was gutted by a fire in November with the loss of 84 lives.

Moreover, the insurance was back-dated so that it took effect before the disaster. By any standards that sounds like a good deal.

Though not frequent or even usual, back-dated or retroactive insurance cover is a growing business, particularly in the U.S. where brokers are constantly looking for new ideas.

To understand it one must appreciate that underwriting is based on the assumption that a loss will occur, and the only big question is its timing. If, as in the MGM case, the underwriter knows not only what loss he is insuring but also when it happened, he has already eliminated many of the unknowns.

Underwriters at Lloyd's have for centuries been insuring cargoes after ships were wrecked on the precept that the salvage value plus the use that could be made of the insurance premium in the meantime would bring them a profit.

But in a general sense, many underwriters are willing to consider a risk after the event because the complexity of modern day business offers plenty of opportunities to structure profitable retroactive deals.

In the U.S. the concept of retroactive insurance presents few problems — providing only that an agreeable price be found, which can present difficulties. In the MGM case the parties to the deal have not disclosed the terms. But these appear from various leaks and estimates to be many times the price of a normal policy.

What MGM actually did, through its broker Frank B. Hall, was to arrange an additional $170m of cover on the hotel. The $30m it already had was obviously inadequate given the large loss of life.

The maximum size of the risk was ascertainable because it was known how many people died, and how badly the hotel was damaged. The unknowns—the area in which the underwriter makes his business judgment—include the number and size of the claims against the hotel by relatives of the dead and, possibly more important, the time it will take to settle claims.

It is clearly in the underwriters' interest that the settlement should be drawn out since this gives them more time to use the premium money for investment. And in disasters like this, the time scale can be measured in years, even decades. The underwriters' expectations are also based partly on hopes that the final claims will be lower than expected.

Marsh and McLennan, the largest U.S. insurance broker, has made a special point of developing retroactive insurance down into various classes:

- Insurance to cover losses which were not perceived to be losses at the time. For instance, a chemical company discovers that a product it has been making for the last 10 years causes cancer. It can still insure itself against claims arising from past sales.
- A company which is growing fast and discovers that its insurance has become inadequate. That company can "fill in" retroactively. In a merger the acquiring company can take out extra insurance to cover the acquired company's know liabilities.
- The MGM-type case where a company wants to increase its cover for a known loss, and there is sufficient scope for the underwriter to take a calculated risk.

Retroactive insurance is not cheap. But it has certain advantages. Apart from providing overall protection, it can eliminate contingent liabilities from a company's books and thus strengthen its financial standing.

Drink duty rise 'could hit jobs and revenue'

Financial Times Reporter

AN INCREASE in the duty on alcohol in the Budget could lead to "a horrendous fall in revenue and a horrendous rise in unemployment," according to Mr. Dennis Webb, chairman of the Wine and Spirit Association.

In a plea to the Treasury he said the Government had already lost up to £250m in revenue from wines and spirits in the last 12 months because of the increase in duty in last year's Budget. "By leaving excise duty alone in the 1981 Budget the Chancellor would avoid further shortfalls in revenue and an unnecessary increase in the Retail Price Index."

Mr. Webb also urged the Government to implement the interim judgment of the European Court that duty on wine in Britain was too high and could be reduced by as much as 23p a bottle.

CONTRACTS AND TENDERS

APPOINTMENTS

Morphet joins BICC Cables

Mr. David Morphet, an Under Secretary in the Department of Energy, has joined the Board of BICC CABLES as a non-executive director as part of arrangements under which senior civil servants gain direct experience of industry. BICC Cables is the wholly-owned subsidiary of BICC responsible for UK cable making.

★

Recent appointments within CITIBANK NA in the UK include Mr. James W. Scott, Mr. Ronald Mitchell and Mr. Rodney Reames to vice president in the corporate banking group; Mr. Christopher Holyoak, vice president in financial control; and Mr. Jacques de Rosee, vice president, specialised industries group. Mr. Angus Scrimgeour has become vice president and moves to London headquarters to the investment management group. He will be replaced as branch head in Manchester by Mr. Ronald Mitchell. Mr. Norman T. Sturrock, Edinburgh resident vice president, has been made head of that branch in succession to Mr. Michael J. Kirkwood, vice president, who has taken up a new post in London with the European banking group of Citibank.

★

Mr. L. H. Buck has become associated with SIMON AND COATES, stockbrokers.

★

Mr. Roy Stephens, previously chief executive of SELFRIDGES, is now managing director. The parent concern is Sears Holdings.

★

Mr. D. A. Allen has been appointed an assistant general manager, domestic banking, of WILLIAMS AND GLYN'S BANK.

★

Mr. Stephen Gibbs, chairman of Turner and Newall, has been appointed chairman of the CONFEDERATION OF BRITISH INDUSTRY'S energy policy committee. He succeeds Mr. Eric Sayers.

★

Mr. W. R. Russell has been appointed chairman of the London Board of the BANK OF NEW ZEALAND and Sir Harold Smedley becomes deputy chairman.

★

Mr. David Whittaker has been appointed group legal director of RACAL ELECTRONICS.

★

Mr. Gerald Smith has been appointed manager of COUTTS & CO's Bristol branch. He succeeds Mr. Peter Caston, who is to become manager, Park Lane branch.

★

Mr. D. M. Elliott is to join the NATIONAL NUCLEAR CORPORATION, Risley, as director of management services. Previously he was general manager, development, technical department, ICI Mond Division, Runcorn.

★

Mr. Tom Barber has become director UK sales, and Mr. Phil Rudman, director, export sales, of HALL-THERMOTANK PRODUCTS. Mr. John Armitage, previously sales director, has been made commercial director in place of Mr. Alan Moor, who is now director and general manager of the company's Leighton Buzzar distribution organisation.

★

Mr. David S. Armitage has been appointed managing director and chief executive of EDMUNDS WALKER & CO., a member of the Associated Engineering Group. He joins the company from S. & W. Berisford where has was managing director of the by-products division.

★

Sir David Checketts, a member of the executive staff of the British Electric Traction Company, has been appointed a director of the BIRMINGHAM & DISTRICT INVESTMENT TRUST.

★

Mr. Ian H. D. Odgers has become chairman and Mr. Michael J. Waggett, managing director of ODGERS AND CO.

★

SEDGWICK GROUP has made the following changes. Mr. R. Topple and Mr. D. B. Smee have retired from the board of Sedgwick Group Special Services and Mr. R. F. Crofts and Mr. T. J. Wallace have joined the board as non-executive directors. Mr. K. J. Walker resigns from that board to take up full-time executive responsibilities with Sedgwick Group Underwriting Services. Mr. R. D. Spencer has become a director of Sedgwick Payne Limited and managing director of Sedgwick Payne London Reinsurance Brokers; Mr. M. C. Howard has been made a managing director of Sedgwick Payne International Reinsurance Brokers; and Mr. G. A. Wenman is now managing director of Sedgwick Payne Marine Reinsurance Brokers.

★

Mr. L. A. Birt has been appointed managing director of BOWTHORPE MICROSYSTEMS, a subsidiary of Bowthorpe Holdings.

OVERSEAS

TEXASGULF INC., U.S. has elected Mr. Richard D. Mollison as chairman and chief executive. Mr. Gino P. Giusti remains president and chief operating officer. Mr. Walter F. Meyer has been made senior vice president and chief financial officer. Mr. Robert P. Hedley becomes treasurer and Mr. John T. Thornton, controller. Mr. Earl L. Huntington has been appointed senior vice-president and general counsel. Mr. Thomas J. Wright is now a vice president of Texasgulf Inc. and president of Texasgulf Chemicals Company. Mr. Stephen H. Cole is general manager, research, engineering and construction.

★

Mr. P. G. Gyllenhammar has been elected to the board of UNITED TECHNOLOGIES CORPORATION, of Hartford, U.S., from March 23. He will be the first director of the company to be based outside the U.S. Mr. Gyllenhammar has been president, chief executive officer and a board member of AB Volvo, of Gothenburg, Sweden, since 1971.

★

Mr. F. K. Rickwood has been appointed a director of PEKO-WALLSEND, Sydney, Australia, in place of Mr. F. A. Page, who has retired from the Board. Mr. Rickwood retired recently as director for national resources, including minerals, oil, gas and coal, of BP Trading, London.

★

Mr. Robert A. Plastow has been appointed senior vice-president (banking) at NATIONAL WESTMINSTER BANK's executive office North America in New York. He was previously a senior regional manager in the regional office for Africa and Middle East, based in London. Mr. Plastow succeeds Mr. Andrew Hassell, who is returning to the UK on completion of his tour of duty.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Associated Newspapers, Stationers' Hall, Stationers' Hall Court, Ludgate Hill, EC, 10.30
Daily Mail and General Tst., Carmelite House, Carmelite Street, EC, 12.00
Deansons, The Post House, Chapel Lane, Great Barr, Birmingham, 12.00
North British Steel, Balbardie Steel Works, Bathgate, West Lothian, 2.30

BOARD MEETINGS—
Final:
Drake and Scull
Interim:
Westminster and Country Props.

DIVIDEND & INTEREST PAYMENTS—
Aberdeen Tst. Db. 2pc
Deanson 2.6p
Fishguard and Rosslare Rlys. and Harbour 3½pcPf. 1.225pc
Halma 0.624p
Hickson and Welch 5p
Jamaica 6pc 1977-82 3pc
Johannesburg Cons. Invs. 71.425p
North British Steel Grp. 1.365p
Plaxtons (Scarborough) 5.5p
Preedy (Alfred) 0.75p
Southend-on-Sea 9¼pc 1981-83 4⅝pc
Sperry Corp. 44cts
Technology Inv. Tst. 1.6p
Uniroyal 5pcPf. 3.5pc. 5pc2ndPf. 3.5pc
Warner Communications Inc. 17cts
Wilson (Ambrose) 5½pcPf. 1.925pc

TOMORROW

COMPANY MEETINGS—
Hardys and Hansons, Kimberley Brewery, Nottingham, 12.00
Kelsey Inds., Kelsey House, Wood Land End, Hemel Hempstead, Herts, 11.00
Oakwood Grp., Fairfield Halls, Croydon, Surrey, 11.30

BOARD MEETINGS—
Finals:
First Scottish American Tst.
Jones (Ernest) (Jewellers)
Meldrum Inv. Tst.
Vereeniging Refractories
Interims:
Abercom
Epicure
Impala Platinum
Manson Finance Tst.
Reliance Knitwear
Webb (Joseph)

DIVIDEND & INTEREST PAYMENT—
ICL 2.025p

WEDNESDAY, FEBRUARY 18

COMPANY MEETINGS—
Leech (William), County Hall, Neville Street, Newcastle-upon-Tyne, 12.00
McCorquodale, 116, Pall Mall, SW, 10.30
Martin The Newsagent, Martin House, Ashwells Road, Brentwood, Essex, 12.00
Nottingham Brick, Daybrook House, Ribblesdale, Sherwood, Nottingham, 10.45
Redfearn National Glass, The Royal Station Hotel, York, 12.00
Westminster Property Grp., Abercorn Rooms, Bishopsgate, EC, 11.30

BOARD MEETINGS—
Finals:
Birmid Qualcast
Foreign and Colonial Inv. Tst.
Gen. Cons. Inv. Tst.
Securicor
Security Services
U.S. Deb. Cpn.
Updown Inv.
W. Coast and Texas Reg. Inv. Tst.
Yeoman Inv. Tst.
Interims:
Dalgety
Eleco
Meat Trade Suppliers
Utd. Real Prop. Tst.

DIVIDEND & INTEREST PAYMENTS—
Amatil Ord. and B A$0.10
Guardian Inv. Tst. Dbs. 2(1976-86) 2pc(1976-86 1958 issue)
Kelsey Inds. 5.5p
Oakwood 4.5p
Strathclyde Regional Council Var. Rate Red. 1983 £8.40625

THURSDAY, FEBRUARY 19

COMPANY MEETINGS—
Construction Hldgs., 124, Chancery Lane, WC, 12.00
Dobson Park Inds., Midland Hotel, Manchester, 12.00
English China Clays, Hyde Park Hotel, Knightsbridge, SW, 12.30
Greenall Whitley, Lord Daresbury Hotel, Daresbury, nr. Warrington, Cheshire, 12.00
United Guarantee, Winchester House, 77 London Wall, EC, 12.00

BOARD MEETINGS—
Finals:
Adams and Gibbon
Anglo American Coal Cpn.
Asscd Fisheries
Goode Durrant and Murray
Hoover
Marchwiel
Newbold and Burton
Scottish Eastern Inv. Tst.
Whittingham (William)
Interims:
Daejan
English Assco.

DIVIDEND & INTEREST PAYMENTS—
Batleys of Yorkshire 0.5p
Brockhouse 1p
Bromsgrove Casting and Machine 0.75p
Clydesdale (Tvl.) Collieries 22.5cts
Construction Hldgs. 7p
Goldberg (A.) 1.294p
Griqualand Exploration and Finance 7.5cts
Irish Distillers 2.18p
McCorquodale 5.25p
Martin The Newsagent 5.75p
Nottingham Brick 4.62p
Redfearn National Glass 5.28p
Trans-Natal Coal Corp. 18cts
Wyatt (Woodrow) 0.5p

FRIDAY, FEBRUARY 20

COMPANY MEETINGS—
Lee (Arthur), Tapton Hall, Shore Lane, Sheffield, 12.30
Raeburn Inv. Tst., 21, Moorfields, EC, 2.30
Stakis (Reo), Normandy Hotel, Inchinnan Road, Renfrew, 3.00

BOARD MEETINGS
Finals:
Abbey Panels Invs.
Lloyds Bank
Romney Tst.
Interim:
Dale Elec. Intnl.

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp. 16¼pcBds. £8.3476
Ailsa Inv. Tst. 4p
Associated Newspapers 5.9p
Caterpillar Tractor 60cts
Combined Intnl. Corp. 40cts
Crown House 2.25p
Exchequer 11¾pc 1984 5⅞pc
Greenall Whitley 3.25p. A 0.65p
Lonrho Intnl. Invs. Gtd. Fltg. Rate Notes A 1987 US$60.06
Lloydstrust Gilt Fund Ptg. Red. Pf. 31pc (2nd)
M and G Recovery Fund Inc. 1.8pc
Merrill Lynch 28cts
Northchart Invs. 1.5cts
Security Pacific Corp. 50cts
Ward and Goldstone 0.9p
Wood (S.W.) 0.5p

SATURDAY, FEBRUARY 21

COMPANY MEETING—
Bootham Engineers, York University, Heslington, York, 12.30

DIVIDEND & INTEREST PAYMENTS—
English and New York Tst. Db. 2¼pc
Exchequer 3pc 1981 1½pc. 3pc 1983 1½pc. 3pc 1983 A £1.8000. 10¼pc 1997 5⅛pc
Marler Estates 1p
Treasury 10pc 1992 5pc

SUNDAY, FEBRUARY 22

DIVIDEND & INTEREST PAYMENTS—
Dudley Fltg. Rate 1982 £8.500
Exchequer 12½pc 1994 6¼pc
Oldham Fltg. Rate 1982 £8.590
Treasury 11½pc 1989 5¾pc. 15pc 1985 7½pc

PARLIAMENTARY DIARY

Week's business in Parliament

TODAY

Commons—Private members' motions. Gas Levy Bill (Second Reading).

Lords — Disused Burial Grounds (Amendment) Bill HL (Third Reading). Motor Vehicles (Variation of Speed Limits) (No. 2) Regs. Town and Country Planning (Minerals) Bill (committee).

TOMORROW

Commons—Supply Day debate on closure of Talbot Linwood plant. Opposition motion on effect of EEC sugar proposals on UK refineries and the economies of developing countries.

Lords—Industry Bill (Second Reading). Contempt of Court Bill (Third Reading). Debate on EEC environment policy.

Select Committee — Energy. Subject: industrial energy pricing. Witnesses: National Union of Mineworkers (Room 6, 4.15 p.m.).

WEDNESDAY

Commons—Redundancy Fund Bill and Iron and Steel (Borrowing Powers) Bill. Motions on Northern Ireland, agriculture and museums.

Lords—Debate on British Civil Aviation Industry. Tree (Replanting) Bill (committee). Short debate on EEC initiatives in Middle East.

Select Committees — Education. Subject: Funding of arts. Witnesses: British Film Institute, Crafts Council. (Room 6, 10.30 am). Industry and Trade. Subject: Finance for British Leyland. Witness: Sir Keith Joseph, Industry Secretary. (Room 16, 10.45 am). Foreign Affairs. Subject: Gibraltar. Witnesses: Mr. Peter Blaker, Minister of State, Foreign Office. (Room 15, 11.30 am). Transport. Subject: Transportation in London. Witnesses: London Transport Executive. (Room 17, 4 pm). Employment. Subject: Department of Employment Group. Witnesses: Employment Services Division, Manpower Services Commission. (Room 8, 4.30 pm). Social Services. Subject: Medical education. Witnesses: Joint Consultants Committee and General Medical Council. (Room 21, 4.30 pm). Joint Committee on Consolidation. Subject: Public Passenger Vehicles Bill (Lords). Film Levy Finance Bill (Lords). National Film Finance Corporation Bill (Lords). (Room 4, 4.30 pm).

THURSDAY

Commons—Water Bill (remaining stages). House of Commons Members' Fund and Parliamentary Pensions Bill. Motions on Members' salaries and pensions.

Lords—Wildlife and Countryside Bill (committee). Deep Sea Mining (Temporary Provisions) Bill (report).

Select Committees — Home Affairs, sub-committee on race relations. Subject: Numbers and legal status of future British overseas citizens without other citizenships. Witnesses: Foreign Office; Prof. Perry and Prof. Reid.

FRIDAY

Commons—Private Members' Bills.

Fired with a burning ambition

A Yorkshire-based company has become international on the strength of a coal handling system that can win back markets lost to oil. Rhys David reports

Mike Crawley with Denseveyor system at the Macawber plant in Tennessee: "British ideas are held in very high esteem all round the world"

WHEN the first in what could be a new generation of coal-fired steamships begins operating along the coast of Queensland, Australia, in two years' time, much of the credit will be due to a small and comparatively new Yorkshire engineering group.

The two 75,000 dwt vessels are being built for a bauxite run by one of Italy's big yards, Italcanteri at Trieste, but it is Macawber Engineering of Doncaster which has solved the key problem—how to get the coal to the boilers as easily as if oil were being used. The company will be supplying equipment capable of delivering 19 tonnes of coal per hour over a distance of 45 metres on each ship, under an order valued altogether at just under £500,000.

Macawber's two founders, Mike Crawley, the executive chairman, and Brian Snowdon, technical director, are both now in their early 40s. They decided at the time of the 1974 energy crisis that a better method of handling coal was needed if it was to win back markets in industry that had been lost to previously cheap oil. Unable to persuade their employer, a now-defunct pneumatic conveying equipment manufacturer in the North East, to back their ideas for expanding the business, the two raised enough cash from the bank on the security of their own (limited), personal assets to set up in business in a shed borrowed from the local butcher in a North Yorkshire village.

"We felt disillusioned because opportunities were being missed. We had shown we could make products that were acceptable in the market and profitable, and we wanted the company to go on to bigger and better things," says Crawley.

The partners' first three systems were sold from the shed and the revenue was used to finance a move into 4,000 sq ft of nursery accommodation at Doncaster. Seven years later Macawber operates from a 50,000 sq ft complex of factory, research and office space on the same industrial estate in Doncaster, and has a turnover worldwide of around £5m. In the UK the number of employees has risen to 100, all of whom benefit from a 15 per cent distribution of company profits each quarter and are entitled to a non-contributory pension and free private medical cover.

A further 20,000 sq ft of space is due to be added this year, and two new overseas subsidiaries, in Australia and Japan will join those already set up in Germany and the U.S.

Security

This expansion has been funded largely internally, with the company having to call on its bankers only for normal overdraft facilities. The main factory on the Doncaster site was built out of reserves as early as the end of Macawber's second year of operations and then used as security to borrow funds to increase working capital.

The key to this rapid, but at the same time profitable, growth has been the differing but complementary contributions the two founders of the company have been able to make—Snowdon in technology and Crawley in general management—a combination often lacking in newly founded companies.

Macawber's first "Denseveyor" system for conveying coal was installed over Christmas 1974 in a boiler-house at Doncaster Royal Infirmary. Then followed an anxious two year wait. "We had engineers down from the National Coal Board but they could not believe it worked," says Crawley. "We had to keep the wolf from the door by selling the system to foundries for moving sand." The NCB has since become Macawber's biggest customer, with 150 installations and has replaced previous systems with Denseveyors at a number of colliery boiler-houses.

But the product is far from limited to use in coal conveying. Only around 30 per cent of Macawber's business now comes from the feeding of coal to and removal of ash from boilers. Foundries are another important market and systems are also in use in the glass, chemical, food processing and other industries.

The Denseveyor's basic concept is described by Brian Snowdon: "The problem usually encountered in trying to deliver coal pneumatically along pipelines is that the finer particles tend to clog together and batter the pipe walls, and when confronted with a bend prefer to go straight on, making it necessary to build in costly pipe reinforcement."

The solution he adopted is "dense phase" conveying—a principle already used in the movement of other solids but relatively new to coal handling. Instead of moving the coal in a low pressure, high velocity air stream, as other systems had been trying to do, Macawber's Denseveyor pushes a slug of material along the pipeline at low speed ahead of an expanding volume of high pressure air. A specially designed and patented dome-shaped valve, made of a single, one piece casting rotates through 180 degrees at the top of the reception chamber cutting through the incoming column of coal or other material to be conveyed. This closes the flow off when the chamber is full and creates a seal before the compressed air is allowed to enter. The conveying process itself is handled through advanced electropneumatic control logic.

The task of ensuring that Macawber was able to exploit this apparently unique product, and of seeing that the company's own resources matched the likely growth in sales, fell to Crawley, whose early career was as an engineer but whose interest in recent years has increasingly been in management science. Crawley had been recruited by management consultants to turn round the two men's previous company after an earlier career with B.P., Ford and Hawker Siddeley Dynamics.

One of his first decisions—and one that has proved to be inspired—was the company name. It came more or less by accident. "We wanted a title that sounded unmistakably British and long-established, and which would be easily remembered," he notes. "Even when we had just started, customers used to say they had heard of us from a long time back." Having changed Mr. Macawber's "i" to an "a" in superstitious deference to that gentleman's ultimately unsuccessful business record, Crawley says he has not been able to find another Macawber in any telephone book in the world. Yet he is himself often addressed by customers as Mr. Macawber.

An even more important decision taken at a very early stage of the company's life was to establish operations overseas, and to go for a direct presence in key markets. "There is a world requirement for our product of which the UK is only a part. You cannot sell this type of technology from afar. The usual practice of simply visiting distant markets every couple of years is so *old-fashioned* even Mr. Macawber would have thrown it out," says Crawley.

The company has its own subsidiary in Germany and three years ago established a manufacturing plant at Maryville, Tennessee, which now employs 28 people. The U.S. company, where Crawley spends roughly half the year, made a profit in its first year of operation and now has a turnover of $3m and a record of more than 200 successful installations.

The new subsidiaries to be established this year in Australia and Japan will cater for the very substantial growth in boiler coal usage—on land and at sea—expected in the Far East.

"British managers are far too insular," claims Crawley. "Companies of our size are not precluded from looking for opportunities overseas. Indeed, British ideas are held in very high esteem all round the world." When the new subsidiaries are in operation the company will be organised in five divisions, the UK, covering Western Europe, Middle East and Africa; Germany—the German speaking world and Eastern Europe; the U.S.—North and South America; Japan—the Far East; and Australia.

The company's answer to the obvious problem of finding the management to sustain its rapid growth at home and overseas has been a strong emphasis on training, though Crawley admits it is also going to have to recruit for the overseas operations. Staff are regularly sent on diploma of management studies (DMS) courses at one or other of the colleges in Yorkshire and managers are also fully trained in the factory in the applications of the technology. Despite its small size Macawber also does its own apprentice training.

Energy saving

Crawley claims that opportunities based on Macawber's pneumatic technology are now coming at an accelerating rate, and speaks confidently of a turnover of £20m by the mid to late 1980s. The company has carried out extensive research into the economics of coal-fired ships—some of it on behalf of the U.S. Government—and believes there could be a need for at least 150 such vessels before the *end of the century, with part of* the demand arising from the much greater quantities of coal which will itself be moving along the sea lanes to feed new coal power stations.

Current oil consumption by ships is put by Macawber at 2.25m barrels per day and could double by 2000. Yet already bunker oil is three times more expensive per unit of energy than coal.

Growth is also expected to be strong in other energy saving applications and waste disposal. In the U.S., for example, a *number of important contracts* have been won in the iron foundry industry, which has *been looking for ways of* injecting coke breeze, a waste by-product of coke, into cupolas (mini blast furnaces) to reduce the expensive lump coke charge. Macawber has sold systems to General Motors and to other major foundry operators in the face of strong competition from German, U.S. and Japanese companies, and has recently won a $6.25m order to supply a full-scale blast furnace in the U.S. steel industry with injection equipment.

The company is also planning to make acquisitions in fields which complement its main area of strength—materials handling. The purchase of another group with two operating companies in the UK and a further eight in the U.S. may be completed shortly.

The danger is that, faced with a variety of opportunities, Macawber will over-reach itself or err in its selection of promising projects. Crawley insists, however, that expansion will not be allowed to outstrip management resources, and that the firm controls hitherto adopted by the company will continue to protect and guide it.

So it is by no means only in its advanced pneumatic technology, its manufacturing expertise and secret know-how on which Macawber's hopes for the future are pinned. Its sophisticated management structure (described on this page), product selection procedures and its employee involvement programmes are also seen within the company as the cornerstones on which continued profitable growth will be built. If this hope proves mistaken, Macawber seems unlikely to emulate its *famous namesake in waiting for* something to turn up.

Employee involvement with growth in mind

Mike Crawley's own management training consists of a DMS course 11 years ago, subsequent wide reading on the subject and more than 10 years of practice. He has devised for Macawber a management structure which he believes is capable of growing with the company, and of developing the skills of the managers it will need.

A management company headed by five directors (only three of whom, including Crawley and Snowdon, have so far been appointed) looks after policy for the group as a whole, its technological development and the provision of common services such as finance. Each of the operating companies is controlled by a three-man policy committee which will implement company policy in the light of requirements in the particular market concerned.

The use made of Macawber's technology will differ from country to country, Crawley explains. The U.S., for example, unlike Europe, uses a type of rail car which can be vacuum-unloaded and Macawber has begun to supply equipment for this.

The next management tier is the executive committee, which consists of management heads of particular sections. This meets once a month under the rotating chairmanship of one of the policy committee members, and is responsible for carrying out company policy and for putting up ideas.

The aim is to ensure that managers are involved very broadly in the company's activities and can take on the more challenging posts that will arise with its growth.

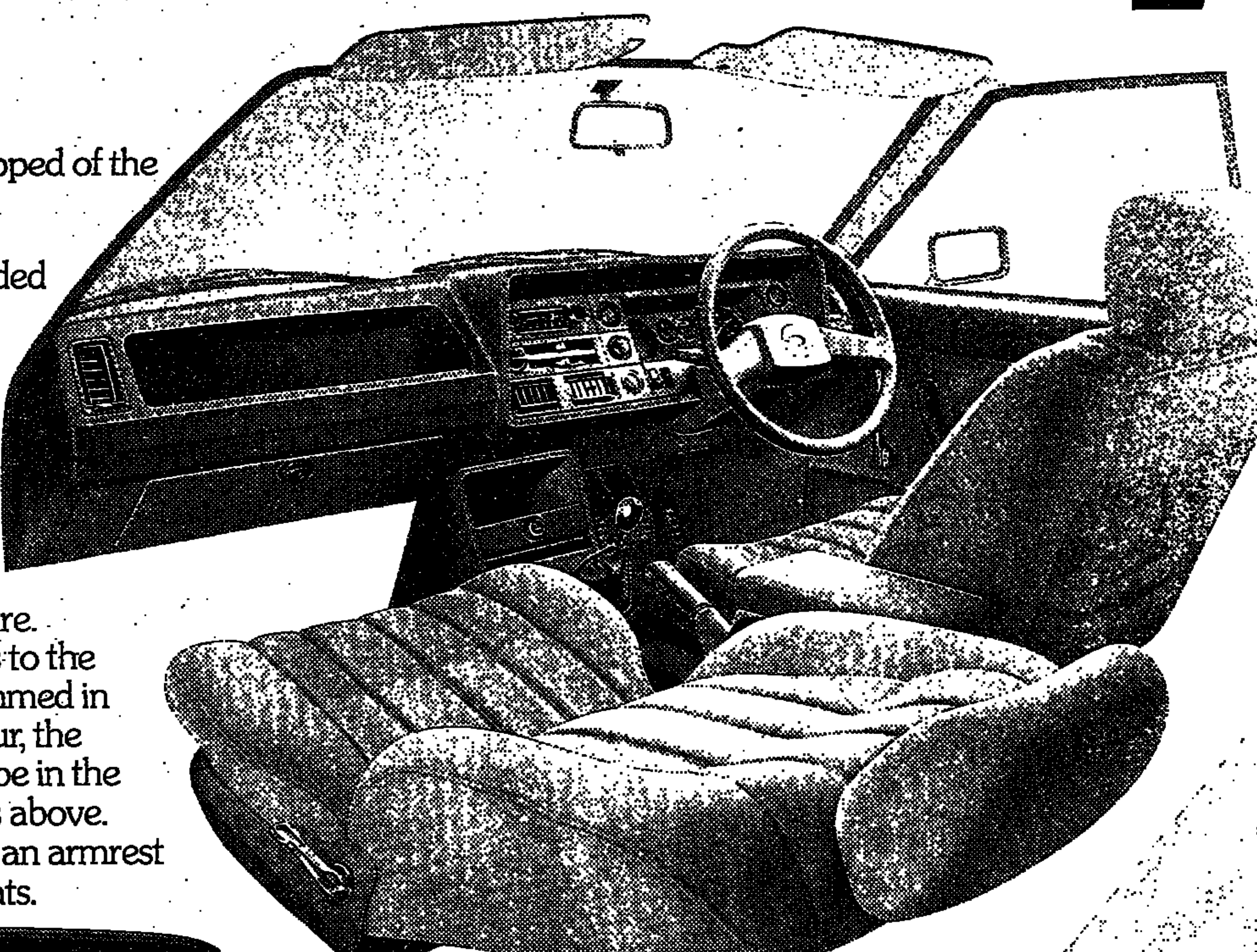
The policy of involvement is extended, too, to shopfloor level through a works council which again meets once a month under the chairmanship of a policy committee member. Representatives are elected by secret ballot from the different departments at Doncaster, and are allowed to serve no more than two consecutive years. A report on the company's financial position is distributed to employees once every quarter detailing turnover and profit as against budget. Also every quarter, 15 per cent of profits are distributed with salary to all employees on an equal flat rate basis, with no weightings dependent on age or service. "Our philosophy is that the company will only be as successful as the people in it. To be motivated, employees must feel fully involved in the organisation and must enjoy what they are doing," Crawley claims.

Which is not to say that they are not subject to tight controls. New products, for example, have to pass strict tests laid down by a headquarter's product development committee embracing all the parties that would be involved in making or selling any new line. The committee, which looks at ideas for specific markets such as Europe or the U.S., as well as products that will sell internationally, also lays down the programme of work for the research and development team.

A key role is played, too, by Macawber's "product group," functionally part of the sales organisation, and the interface between R and D and the field sales team. The group acts as a filter, translating new ideas produced by the research staff into systems that the sales team can interpret and show to customers. The group also responds to technical inquiries brought back by the sales team, converting them into detailed proposals. This three-tier approach, with interlocking roles being played by R and D, product group, and sales, is designed to ensure the company only makes what it can sell, and only sells what it can make.

هكذا من الأصل

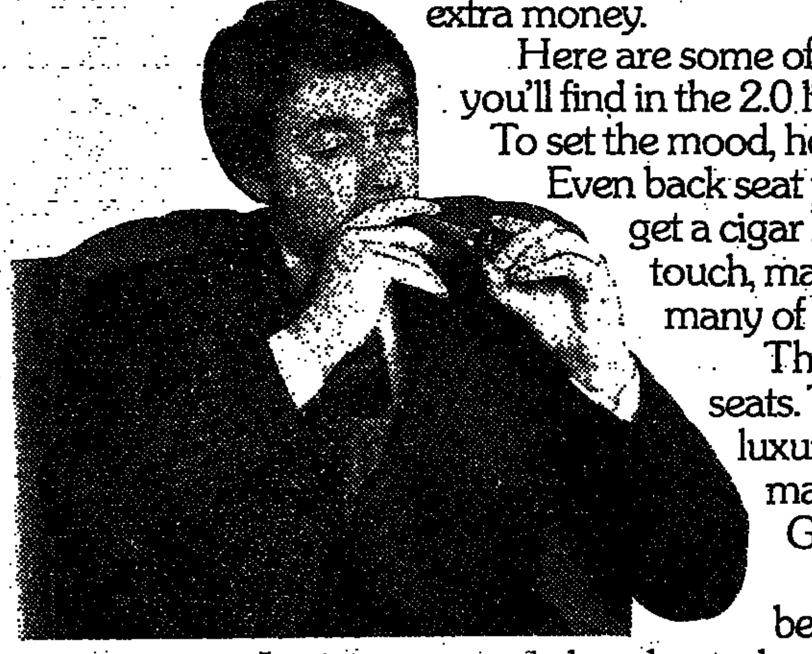
More Granada. No more money.



The Granada has always been one of the best-equipped of the big executive saloons.

Now we've made it more comfortable than ever.

Because even the Granada has been given our 'Added Value' treatment. We've built in a wealth of extras for no extra money.



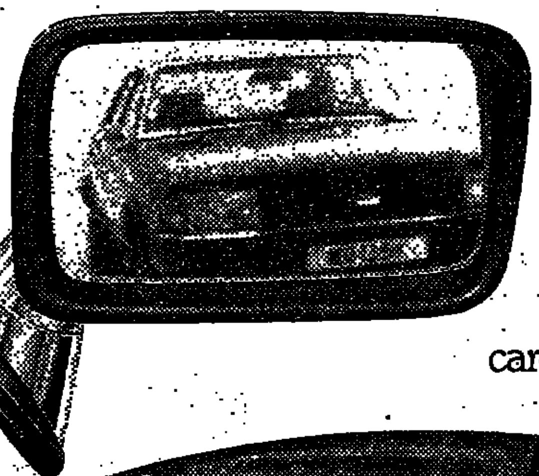
Here are some of the new features you'll find in the 2.0 litre L.

To set the mood, how about a cigar? Even back seat passengers now get a cigar lighter. It's a small touch, maybe, but then many of life's little luxuries are.

The biggest change is to the seats. These are now trimmed in luxurious crushed velour, the material that used to be in the Granada GL, a class above.

We've also added an armrest between the front seats.

It incorporates a glove box, a handy place to keep change for parking meters.



Another new feature is a remote control driver's door mirror.

In fact, the Granada is packed with little touches like these that all make life just a shade more comfortable.

Every time you drive it you'll be impressed by the thoroughness of its design. Not to mention its effortless, silent power.

The Granada 2.0 litre L still costs only £6179.* So why not drop in to your local Ford dealers and arrange for a test drive.

While you're there you should have a look at the 'Added Value' Fiestas.

One of those would make a super little second car for a Granada owner.

The Popular only costs £2849*!

Here's what we've added to other Granadas without adding to their prices.

Granada GL. **Plus:** Durham/velour upholstery from Ghia. From **£7588*** for the new 2 litre saloon. There is also a new 2 litre estate.

Granada Ghia. **Plus:** bodyside pinstripe, new Chatsworth/velour trim, rear seat head restraints in the saloon. Still from **£9582.***

*Maximum prices as at 21st January, 1981. Seat belts, car tax and VAT included. Delivery and number plates at extra cost.

Ford gives you more. Ford

LOMBARD

The benefits of 'overshooting'

INDUSTRIALISTS calling for a lower British Minimum Lending Rate are knocking against an open door. The only question is exactly when it falls, and whether by 1 or 2 per cent steps.

There is no right answer to these questions. If the Bank of England confined itself to controlling monetary quantities, as the U.S. Fed now more or less does, interest rates could be left to the market. The foundations of such a system will be laid by the publication from this March of figures of monetary base, i.e. bankers' balances at the Bank of England till money and notes and coins in circulation. But for the next six or nine months at least interest rates will still have to be set officially. For want of anything better policy makers will have to use real interest rates as a guide. These are admittedly "too high," although not nearly as high as some special pleading suggests.

Objectives

Far and away the more important issue is what is done—and actually accomplished—about monetary objectives in the Budget. Unfortunately another intellectual rationalisation has been given to the desire to give up on monetary control, just when it is producing results, which is influential with some unofficial policy advisers.

For this purpose they have used the well known theory of "overshooting." Such overshooting follows from the fact that exchange rates react very quickly to perceived changes in monetary conditions while prices and wages change more slowly. If monetary conditions become suddenly tight, the real rate of exchange for sterling shoots up and then gradually falls back to a level compatable with whatever level of "competitiveness" overseas balance requires.

There has indeed been a severe tightening of monetary conditions, but from the side of demand rather than supply. There has been an increase in the demand for sterling, for instance from overseas portfolio holders anxious about the future of other economies dependent on imported oil. Domestically personal holdings of bank deposits have risen relative to income because of greater job insecurity.

Siren songs can be heard in favour of a once and for all increase in the domestic money supply to reverse some of the overshoot—with foreign exchange intervention as a weapon in reserve. After that monetary growth would it is said return to a normal non-inflationary path.

This policy is put forward in good faith and has indeed worked in Switzerland. The basic objection is that in a country with a British rather than a Swiss record of price stability no one would believe that the monetary injection was once for all. Still less would they believe that any switch to an exchange rate target was temporary. The yields of nearly 14 per cent on long term gilts—implying an expected long term inflation rate in double digits—shows how precarious is the confidence in financial markets that the official Medium Term Financial Strategy will be observed.

But even if we set aside this objection, there may be positive benefits in exchange rates overshooting. These have been well explained in a still unpublished paper by Maurice Scott of Nuffield College, Oxford. It is set out in terms of the well known identity that MV (money times velocity) is equal to PT (that is prices times output-generating transactions).

It is really an elegant way of setting out the common-sense view that the faster that prices and wages react to a monetary squeeze, the sooner the unfavourable output and employment effects will be over. A squeeze which comes through primarily in a higher exchange has a much quicker effect on prices and wages than one which has a more domestic slant.

Environment

It has been a long and painful process to induce price and wage setters to take account of the changed market and monetary environment. But now that it is happening the changes are coming through remarkably quickly. Which forecaster a year ago promised single figure wage settlements this winter? But any signals that cost-push would once more be accommodated by exchange rate manipulation would reverse the learning process in its tracks. Then indeed all the agony would have been for nothing; and output and employment, as well as prices, would all be worse as a result.

Court of Appeal decision protects commercial agents

THE WEEK IN THE COURTS

BY JUSTINIAN

THE LIFE of a commercial agent is recognised by the court to be a precarious one. But in *Alpha Trading Ltd. v. Dunnshaw-Patten Ltd.*[1] the Court of Appeal has recently handed down an important decision which will prevent a seller of goods or property playing a dirty trick on his agent with impunity after he has used the services of the agent to complete a contract between a seller and a buyer.

Lord Justice Lawton compared the agent to the groom who takes a horse to the water-trough. The agent may get his principal to the negotiating table, but when he gets him there he cannot make him sign the contract, any more than the groom can make the horse drink the water. But once the signing has been done and the principal has accepted the benefit of his agent's work he must honour his obligation to pay the agreed commission to his agent, even if he does not complete his bargain with his buyer. In short, the law implies a term into the contract of agency that, as soon as the contract of sale that the agent effected between the seller and buyer has been legally concluded, the right to the agent's commission arises.

In the instant case Dunnshaw-Patten agreed in 1978 to sell to Dutch buyers, Mueller International B.V., 10,000 metric tons of cement at U.S.$49.50 per metric ton, c and f, to a port in Iran. The Dutch buyers had been introduced by Alpha Trading which simultaneously entered into an agency agreement with Dunnshaw-Patten under which the agents in consideration of their introducing the Dutch buyers were to be remunerated by the sellers paying commission on the sale of the cement at the rate of U.S.$1.50 a metric ton. The Dutch buyers opened a letter of credit for the price of the cement and the sellers provided the buyers with a 3 per cent performance bond.

The sellers, however, failed to perform their contract. When faced with a claim for breach of contract from their Dutch buyers, the sellers forfeited their performance bond and made an additional payment of £21,000 in settlement. Alpha Trading then claimed that it was entitled to its agent's commission notwithstanding the sellers' default on their contract with the Dutch buyers. The claim was resisted on the ground that the contract of sale had not been performed and, therefore, the agent's commission was not due, the contract of agency being silent as to when the commission was payable. The agents retorted that business efficacy required the law to imply a term into the contract that the sellers would do everything in their power to perform their contract of sale and would not do anything to prevent the agent earning the remuneration under the contract of agency.

The law relating to agents' commission was authoritatively laid down 40 years ago in *Luxor (Eastbourne) Ltd. v. Cooper*[2]. There it was stated that "where an agent is promised a commission only if he brings about the sale which he is endeavouring to effect, there is no room for an implied term that the principal will not dispose of the property himself or through other channels, or otherwise act so as to prevent the agent earning his commission." The actual decision, which involved an estate agent, did not have to deal with the situation where the agent had introduced a purchaser to someone who wanted to sell and a concluded contract had been made, whether the law implied a term to protect the agent in that situation was not in issue. But Lord Wright in that case did indicate what might be the law's attitude were that situation to occur. If the negotiations between seller and buyer had been concluded and a binding executory agreement had been achieved, the seller would no longer be free to dispose of his property. He would have bound himself to sell to the buyer and, though the sale would not have been completed, the property in equity would have passed from him to the purchaser. If he then refused to complete the sale, the seller would be guilty of a breach of contract vis-à-vis his purchaser. Lord Wright added: "I think, as at present advised, that it ought then to be held that he is also in breach of his contract with the commission agent, that is, of some term which can properly be implied."

Astonishingly there has been no reported case where the observations of Lord Wright have been applied. Hence the point was novel and gave room for argument by the sellers that Lord Wright was wrong. They relied on an earlier (1922) decision of the House of Lords in *L. French & Co. Ltd v. Leewton Shipping Co. Ltd.*[3] In that case shipbrokers employed to effect a charter of a steamship procured a charter for 18 months, but after four months of the charter had run the owner sold the vessel to the charterers and the charter party was cancelled. The charter party provided for payment of a commission of 2½ per cent on the hire paid and earned under the charter party and on any continuation of it. When the brokers claimed commission for the remainder of the charter party it was held that it was *not* an implied term of the contract that the shipowners should not agree to put an end to the charter party by the sale of the ship to the charterers.

The Court of Appeal in the recent case said that it would not have hesitated to apply Lord Wright's considered observations were it not for the House of Lords' decision in 1922. After all Lord Wright's reputation as a commercial lawyer was unrivalled and anything he said after careful consideration was almost gospel to any judge. But to reconcile the cases was not easy; after all the 1922 case appeared to involve the concept that an agent who has been employed by a person to assist him to enter into a contract with a third party, and has reserved for himself a benefit from that contract, has no remedy if, for some reason, the person who employed him brings the contract to an end. How then did the Court of Appeal get round the difficulty?

A person is always free to dispose of his property as he wishes, and also entitled either to carry on his business or give it up as he wishes. It would not be right, therefore, to imply a term into a contract between him and an agent that he should not be free to deal with his property as he chooses, or should not be able to continue or cease business. That is a quite different situation from the case where the agent has introduced a buyer to a seller and a contract has been made with a benefit reserved to the agent under the contract of agency. In that situation the seller cannot break his contract with the buyer without being under any liability to the agent for the loss which the agent thereby suffers. In the 1922 case the principal did not commit any breach of any contract procured by the agent. The suggested implied term in that case would have created an intolerable burden for the principal.

The Court of Appeal in Alpha Trading, was able conscientiously to say that there was no uncertainty, no difficulty and no hardship in implying a term that the principal had agreed that he would not deprive the agent of his commission.

1—[1981] 2 W. L. R. 169
2—[1941] A. C. 108
3—[1922] 1 A. C. 451

Racegoers offered a good price

RACING

BY DOMINIC WIGAN

THE 50th edition of Racegoers Club News should now be with members who will find that their club subscriptions are to remain at just £3.50 for 1981. This is the fifth year for which the fee has been pegged at that figure—a remarkable feat.

Among the special events organised by the Racegoers Club for the spring are the Race-In at Kempton Park and a weekend trip to Baden-Baden for the town's May meeting.

The future provides the theme of the day-long Race-In on the Sunbury track, with Michael O'Hehir, John Oaksey and Richard Pitman looking forward to Cheltenham and Aintree and a trio consisting of Peter Scott, Andrew Caulfield and Humphrey Cottrill turning their attention to the forthcoming Flat campaign.

For many, however, the most fascinating feature of the programme will be Peter Smiles's account of his role and responsibilities as director of Racecourse Security Services.

The integrity of racing is a subject which invariably attracts more speculation than usual when another Flat season is about to get under way and Peter Smiles is likely to be faced with a wide range of questions over such matters as fixed races and doping.

Tickets for the Race-In, which includes morning coffee, a three-course lunch and tea, are a reasonably priced £14 each.

The Baden-Baden excursion takes place over the weekend Friday May 8 to Monday 11 and includes a trip to the town's racecourse for the May 10 card featuring the Grosser Preis der Badiscen Wirtschaft, a Group Two pattern race for three-year-olds and upwards.

Seven years ago a Racegoers Club party attended the same meeting and, by all accounts, it received a warm welcome from the local racing authorities.

Baden-Baden, on the edge of the Black Forest, is well supplied with hotels—the club party will stay at the Badischerhof—and besides the famous baths there are the town's famous gardens and parks to see, in addition to fine shopping facilities and a casino.

Travel will be by British Airways from Heathrow to Stuttgart, and the price of £225 per person also includes ground transport, hotel accommodation on a half-board basis and racecourse admissions. There is a single room supplement of £26. Bookings should be accompanied by a deposit of £60 per person as hotel rooms and airline seats must be confirmed by March 1.

Iraq to survey by hovercraft

A BRITISH-BUILT hovercraft left Southampton yesterday bound for Baghdad where it will be used by the Iraq National Oil Company for seismic surveys of three big lakes.

The hovercraft is an SR N6 built by British Hovercraft Corporation

TV/Radio

BBC 1

† Indicates programme in black and white

7.05-7.55 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 Regional News for England (except London). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Mister Men. 2.01 For Schools, Colleges. 3.00 When the Bough Breaks. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Rentaghost. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Triangle.
7.20 Star Trek.
8.10 Panorama: "Who's Afraid of Rupert Murdoch?"
9.00 News.
9.25 Monday Film: "The Man Who Died Twice" starring Stuart Whitman.
10.55 Film 81.
11.25 In the Post.
11.50-11.55 News Headlines.

All Regions as BBC1 except as follows:

BBC Cymru/Wales—9.52-10.12 am I ysgolion. 1.45-2.01 Pila pala. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.20-8.10 The Walls of Jericho. 11.50 News Headlines, News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.25 Cearcall. 11.55 16 Up. 12.20 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.00 Focus.
10.25 A Taste of Workshop.
11.00 Play School.
11.25 Write Away.
2.15 pm Let's Go.
2.30 Multi-Racial Britain.
3.00 Embroidery.
3.30 Wainwrights' Law.
4.15 Work and Leisure Lectures.
5.15 Open University.
†5.40 Charlie Chaplin in "The Cure."
6.10 Michael Strogoff.
7.05 Rock Goes to College.
7.45 Mid-Evening News.
7.55 Fawlty Towers.
8.30 Grace Kennedy.
9.00 Won't Change Places.
9.45 Horizon.
10.35 Anthony Goldstone plays Schubert Impromptu in A flat (DS99).
10.45 Newsnight.
11.30 Télé-Journal.

LONDON

9.30 am Schools Programmes. 12.00 Button Moon. 12.10 pm Rainbow. 12.20 Your Chance. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The Riordans. 2.30 Monday Matinee: "Last of the Secret Agents?" 4.15 Dr. Snuggles. 4.20 The Sooty Show. 4.45 Heavens Above. 5.15 Money-Go-Round.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Wish You Were Here . . . ?
7.30 Coronation Street.
8.00 West End Tales.
8.30 World In Action.
9.00 The Sweeney.
10.00 News.
10.30 "The Other Side of Fear" starring Karen Black and Don Murray.
12.20 am Close: "Sit Up and Listen" with Hugo Young.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Money-Go-Round. 2.30 Monday Film Matinee: "The Great St. Trinian's Train Robbery" starring Dora Bryan and Frankie Howerd. 5.15 University Challenge. 6.00 About Anglia. 6.30 Movie Memories. 10.30 Lou Grant. 11.30 It's a Musical World. 12.30 am Reflection.

ATV

1.20 pm ATV News. 2.00 Best Sellers: The Rebels—Part 2. 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 Lifeline. 12.15 am Something Different.

BORDER

1.20 pm Border News. 2.30 Monday Matinee: 3.45 Money-Go-Round. 5.15 The Entertainers. 6.00 Lookaround. Monday. 6.15 Wine and Dine. 6.30 Look Who's Talking. 11.40 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and weather. 2.00 The Monday Matinee: "The Brothers O'Toole." 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 Channel Report. 6.15 Cartoontime. 6.30 The Amazing Years of Cinema. 10.28 Channel Late News. 10.36 Drama Workshop. 11.20 The Electric Theatre Show. 11.50 News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 Best Sellers ("Flesh and Blood," Part 2). 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 North Tonight. 6.30 Country Focus. 10.30 The Palace Presents . . . hosted by Jack Jones with guests Aretha Franklin and Frankie Valli. 11.30 Living and Growing (a Preview for Parents and Teachers). 12.00 The Amazing Years of Cinema. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Money-Go-Round. 2.30 Monday Matinee—Richard Attenborough in "The Bliss of Mrs. Blossom." 5.15 Mr. and Mrs. 6.00 Granada Reports. 10.30 The Monday Movie—Kirk Douglas in "There Was a Crooked Man."

HTV

1.20 pm HTV News. 2.00 Money-Go-Round. †2.30 The Monday Matinee: "Two Flags West" starring Joseph Cotten and Linda Darnell. 5.15 Mr. and Mrs. 10.28 HTV News. 10.35 "Age of Consent" starring James Mason and Helen Mirren.

HTV Cymru/Wales—As HTV West except: 10.05-10.20 am About Wales. 11.05-11.20 Am Gymru. 12.00-12.10 pm Ffalabalam. 4.15-4.20 A Balmy Knight. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News Headlines and road and weather report. †2.00 The Stars in Black and White—"Knock On Any Door" starring Humphrey Bogart. 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.40 Crimedesk. 7.00 Now You See It. 10.30 Golf—United States v The World. 11.30 Living and Growing for Adults. 12.00 Late Call. 12.05 am Three's Company.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. †2.25 "Sabotage" starring Sylvia Sydney. 3.45 Money-Go-Round. 5.15 Diff'rent Strokes. 6.00 Day by Day including Southsport. 10.35 Theatre in Camera. 11.40 Police Surgeon.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.00 Money-Go-Round. 2.30 Monday Matinee—"Sea and Sand" starring Richard Attenborough and John Gregson. 5.15 Here's Boomer. 6.00 Northern Life. 10.30 North East News. 10.32 Northern Report. 11.00 S.W.A.T. 12.00 Never The Same Again.

ULSTER

1.20 pm Lunchtime. †2.30 Monday Matinee: "When Comedy Was King." 3.45 Money-Go-Round. 4.13 Ulster News. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 10.29 Ulster weather. 10.30 By This I Live. 11.00 Soap. 11.30 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.00 The Monday Matinee: "The Brothers O'Toole." 3.42 Gus Honeybun's Birthdays. 3.45 Money-Go-Round. 5.15 Mr. and Mrs. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Drama Workshop. 11.20 The Electric Theatre Show. 11.50 Faith for Life. 11.55 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 Money-Go-Round. 2.30 Monday Matinee: "Bunny O'Hare" starring Bette Davis with Ernest Borgnine. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Happy Days. 10.30 "Portrait of a Stripper."

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	& 88-91vhf stereo 693kHz/433m 909kHz/330m	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 7.00 Stayin' Alive. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 Folk on 2 (S). 9.00 Humphrey Lyttelton with The Best of Jazz (S). 9.55 Sports Desk. 10.00 The Monday Movie Quiz. 10.30 Star Sound. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers: John Dunstable and Lionel Power (S). 9.35 Sacher Conducts (S). 10.30 Cantatas and Sonatas of the German Baroque Era (S). 11.20 Bournemouth Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 3.00 London Sinfonietta/ Voices (S). 4.05 New Records of works by Schumann, Chopin (S). 5.00 Mainly for Pleasure (S). 7.00 The Price of Victory. 8.00 Mahler's Third Symphony from the Royal Festival Hall, London (S). 9.50 Folie a Deux (story for two voices by David Mercer). 10.30 Jazz in Britain (S). 11.00 News. 11.05-11.15 Florilegium Musicum, Paris (S).

VHF Only—Open University—11.15-12.15 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 Miles Kington with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Somebody Stole My Tune. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather: Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.35 Just the Job. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Frank Muir Goes Into . . . Deceit (S). 7.00 News. 7.05 The Archers. 7.20 The News Quiz (S). 7.50 The Monday Play (S). 9.20 Letters from Monte Cassino by Robert Fox. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.05 News. 5.15 Music on the Move. 6.33 Inside London: This Week . . . The Shepherd Market Dossier. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

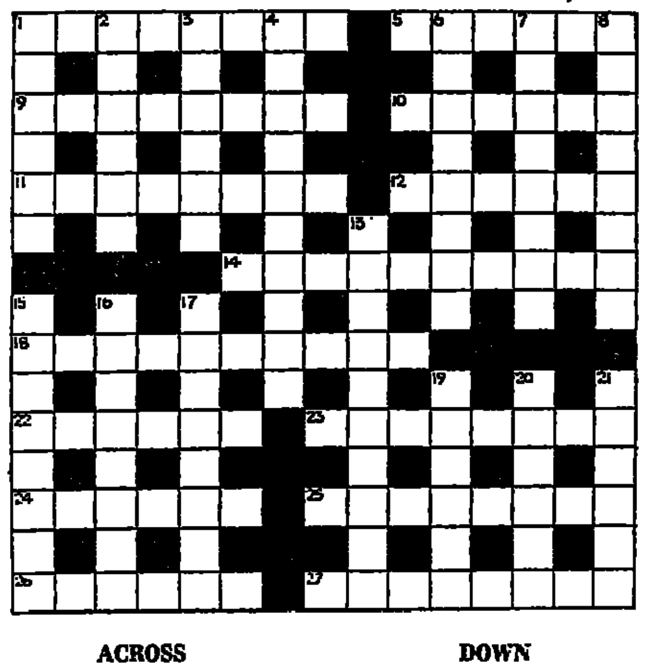
London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 Night Extra. 3.30 LBC Cinema. 4.00 After Eight Sunday. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Alan Freeman. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,496



ACROSS

1 State of shade in U.S. given to a party (8)
5 Cup-holder dressing by river (6)
9 Academic newsman to admit being swindled (4, 4)
10 Leave you and me out with wife (6)
11 Red-handed during operation (2, 3, 3)
12 Look out £2 for war heroine (6)
14 Stop to recover the others (4, 2, 4)
18 Pretty fair state of place after daily visit (3, 2, 5)
22 Doctrinaire worker on foot apparently (6)
23 Playing area that is right for Palace supporter (8)
24 Which people act soundly to bring bad luck (6)
25 Getting tired of being a linesman (8)
26 Attractive aspect of larceny (6)
27 London area desired to be changed (8)

DOWN

1 Scoundrel with stamp of club porter (6)
2 Left a tune arranged in crescent shape (6)
3 Go back on one's pledge (6)
4 Early birds by the sound of it (4, 6)
6 A Roman it may appear as cartoonist (8)
7 Lettuce firm Ted spoiled (8)
8 Soldiers like this instrument to join firm (8)
13 Hand out a thrashing to conquer depression (4, 6)
15 Card game exhausted by sudden exposure (8)
16 Horsy record for boss to reserve (4, 4)
17 Towards the centre of Featherstone (8)
19 All there is leader of British Tories (6)
20 Close sound from northern Europe (6)
21 Day soldier'd get cold (6)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC. 240 5258. ENGLISH NATIONAL OPERA. Tomor & Fri 7.30: Madam Butterfly. Wed & Sat 7.30: Cinderella. Thurs 7.30: Tosca. 104 balcony seats avail from 10 am on day of perf. Season ends Feb 28.

THEATRES

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Ton't. Tomor 7.30 low price Prevs A MONTH IN THE COUNTRY by Ivan Turgenev. Trans by Isiah Berlin.

WAREHOUSE. Donmar Theatre, Earlham Street, Covent Garden, Box Office 836 6808. Ton't. Tomor. Wed 7.30 THE IRISH PLAY by Ron Hutchinson. All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

CINEMAS

ART GALLERIES

EXHIBITIONS

CLUBS

THE ARTS

Nottingham Playhouse

Fresh Fields

by B. A. YOUNG

You can test the weight of Ivor Novello's old comedy from the name of the principal lady, Lady Lilian Bedworthy. In case the joke doesn't register by itself, Novello makes an explanatory joke about it in Act 2. Explaining his jokes seems to be one of his weaknesses. There is a good scene where young Una Pidgeon, a rough but pretty Australian girl, very nicely played by Jennifer Hall, is trying to hide an ornament she has broken, but only gives the impression that she is "in trouble." Then it all has to be interpreted for us in case we didn't get it.

The story is so slender you could blow it away. Lady Lilian and her married sister Lady Mary Crabbe have lost all their money but want to go on living in their big house in Belgravia. Lady Mary invites three Australians, friends of her late husband, to come and stay with them and surreptitiously charges them as much for their keep as they would pay at the Ritz (£10.00 a day for the three of them—this was 1933).

Now Lilian, played by Miriam Karlin as a comedy aristocrat, has reached maturity without marrying and Mary's son, Tim, isn't interested in girls or, indeed, as far as one can see, anything at all. So here are these Australians, the big rough Tom, who falls in love with Lilian, the pretty young Una, who falls in love with Tim, also Una's widowed mother, Mrs. Pidgeon. For two acts a state of polite enmity is maintained between the two parties, until in the third act Lilian comes round, and Tim comes round, wedding bells are in the air and all that Australian money (£30,000 no less) is available to keep the Belgarvia house going.

Crispin Thomas's production has the right artificial gaiety, played in a drawing room of exaggerated luxury with gold cupids over the door, busts everywhere and a crystal chandelier (the designer is Trevor Pitt) Muriel Barker keeps Lady Mary as aristocratic as her sister but not quite so dotty and Monica Stewart is rather likeable as Mrs. Pidgeon. There's no hope for Philip Newman or Trevor Jones as Tom and Tim, for the characters are pure cardboard.

Were we all really as nasty as this in the '30s? In so far as you can identify with any of the characters at all, they are absolutely horrid, apart from Mrs. Pidgeon and Una: so the happy ending is too obviously artificial, and any belief we may have worked up is finally punctured.

Purcell Room

Judith Hall

by ANDREW CLEMENTS

Whatever scruples led Judith Hall to omit the A major sonata—on the grounds that it was left incomplete—from her recital of Bach's flute sonatas in the Purcell Room on Saturday, they did not extend to her performances. As a member of the Koenig Ensemble and other instrumental groups Miss Hall is a familiar and accomplished performer of contemporary music, but on this evidence she is less happy in baroque repertory. Playing only Bach may have ensured a full house, but it did not show off her talents to best advantage.

The recital was a frustrating mixture of casually assumed stylistic postures and careless disregard. The A major sonata may have been left out (though the movement and a half that survive are quite satisfying in themselves), but it is quite indisputably by Bach and three of the sonatas that were included —the E flat, C and A minor—have had some suspicion cast on their authenticity; a harpischord was used for the keyboard parts, for which the programme was careful to give a provenance, but Miss Hall used a modern metal flute and an equally modern vibrato.

Indecision inhabited much of the playing also. Tempi were predominantly lethargic in Allegros and on some occasions a faster speed would have secured a more clearly articulated performance—in the finale of the E major sonata for example, which was taken too quickly for accurate single-tonguing and too slowly for double tonguing to be effective. Dynamic shading, when it was employed, was tentative and approximate; phrasing often found itself out of kilter with the sense of the melodic line. The harspichordist was Melvyn Tan, bland and unimaginative in those sonatas for flute and figured bass, but finding more in the sonatas in B minor and E flat where Bach supplies an independent and frequently ambitious keyboard right hand.

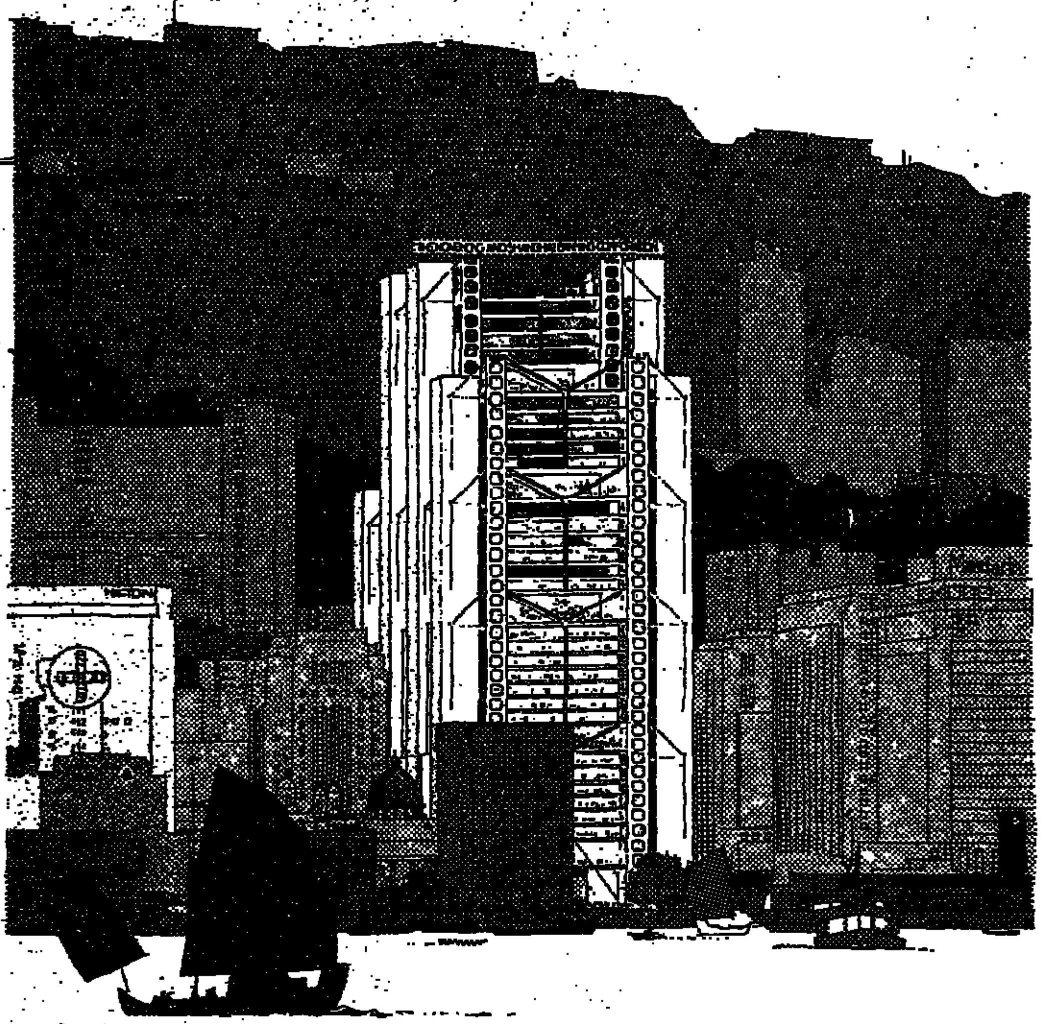
Chichester Festival Theatre plans for 1981 announced

The twentieth season of the Chichester Festival Theatre opens on May 6 with a revival by the new artistic director, Patrick Garland, of Chekhov's *The Cherry Orchard* starring Claire Bloom. This will be joined in repertory on May 20 by *Feasting With Panthers*, a dramatistation by Peter Coe of the trials of Oscar Wilde starring Tom Baker.

The Mitford Girls by Caryl Brahms and Ned Sherrin, with music by Peter Greenwell and Liz Robertson heading the cast, opens July 8. This musical memoir is based on the novels, essays and autobiographies of the Mitfords and will be directed by Patrick Garland.

The final production, *Underneath the Arches*, "an affectionate tribute" to the Crazy Gang written by Mr. Garland and Brian Glanville, will play in repertory with *The Mitford Sisters* from July 29. Roy Hudd and Christopher Timothy will star as Flanagan and Allen, and Chesney Allen himself will make a guest appearance.

As usual, the season is to be sponsored by Martini Rossi.



General view of the new headquarters of the Hong kong and Shanghai Banking Corporation from north-east from across the Harbour

Architecture

Towering triumph

by COLIN AMERY

A leading firm of British architects have achieved a real breakthrough in the design of high office buildings. Foster Associates of London have won the contract to design the new headquarters building for the Hong Kong and Shanghai Banking Corporation—a great tower of offices that will dominate the skyline of the *waterfront of Hong Kong*. Their triumphant design was selected as the result of a limited competition organised by the bank. Six of the top architectural firms in the world—from Hong Kong, England, the United States and Australia — were invited to submit proposals and there is no doubt that this British winner was the most innovative and imaginative

Foster Associates are undoubtedly one of the most interesting architectural practices in the world and they have a record of buildings in this country that is impressive for technological development and aesthetic adventure. Perhaps their best known commercial building is the office building in Ipswich for Willis Faber and Dumas.

This was the building that ended the tyranny of the glass box. It is a glass skin building that curves around the very edges of its site, looking like a highly polished grand piano.

Inside the Willis Faber building Foster Associates introduced a new level of elegance and efficiency to the idea of the open plan office. There is also a swimming pool and a turfed roof, both features lending the building a Hockney-like surreal quality, a kind of Californian future placed in a rather unlikely way in the middle of Ipswich.

The other building which has done more to secure Foster's fame is the Sainsbury Centre for the Arts at the University of East Anglia, outside Norwich. This is a smooth aluminium tube, thinly elegant with glazed ends which frame the understated East Anglian views. For many people, and this is the one public building that Foster has designed so it is much visited, the interior of the Sainsbury Centre is the *realisation of a modern dream*. It is a cool, beautiful, simple and perfectly flexible serviced space.

When the Sainsbury Centre was completed in 1977 it seemed to offer a standard of building performance that had seldom been bettered. There was a lot of talk about "appropriate technology" and wonderings about its suitability for other uses. The Hong Kong bank building looks like a more numerate and commercial application of all the techno*logical know-how that has gone* into earlier buildings. It is numerate and commercial in the sense that its technology has been made to serve both the needs of the client and the site as well as the needs of architecture.

Within the 41 stories of the Hong Kong tower Foster has found a way to provide more commercial space than has been possible before in a high building. In the more traditional tower block the services occupy the central core and for every 100 sq ft of built space about 65 sq ft is usable office space. In this design the net to gross ratio is as high (on some floors) as 84 per cent and the whole building averages 73.5 per cent. It is not often that the virtues of good design make sound commercial sense. In a city like Hong Kong the actual value of this extra space is very high.

This gain in floorspace has been achieved by the creation of eight outside cores that in effect carry the weight of the floors which are grouped in a series of eights with double height spaces between each group as you ascend the building. The vertical circulation will be by a mixture of lifts and escalators. Because the structural frame and services are around the outside of the building the free areas of floorspace are large and uncluttered.

Is this Hong Kong building a return to the idea of the skyscraper as a city in itself? The plaza that sweeps under the building has angled escalators reaching down to lure the customers inside but, banking apart, it is in no sense a public building. It is a city in the sense that it is self contained and has all the spaces and energy it needs to be self-sufficient. By Western standards this is a *major new design, the fact that* it is being built as an ambassador for British architects in the East is a cause for rejoicing London and New York had better look to their laurels.

Elizabeth Hall

Bach by DAVID MURRAY

Paul Steinitz's Bach Players have been reminding us these many years of the treasures of Bach's cantatas, and it is not just a reliable pleasure to go and be reminded—of the two hunderd or so cantatas, scarcely any fails to offer some arresting surprise, beyond the inspired craftsmanship and solid spiritual conviction. On Saturday Dr. Steinitz and his band performed three cantatas, from which only the lovely bass aria "Herr, so du willt" (Cantata no. 73) might be called familiar, as well as a concerto and a Shütz motet.

Schütz's "Stehe auf, meine Freundin" is a double choir motet, discovered only a decade ago and plausibly attributed to the year of his marriage. It proved to be an inventively charming piece, frankly romantic in treating its *Song of Solomon* text — a happy find, soon to appear on a record by Steinitz's orgup. The Bach concerto was the D minor one for violin and oboe, BWV 1060, with Simon Standage and Tess Miller respectively suave and melting

In the cantatas—nos. 73, 90 and 158—the principal soloists were the tenor Richard Morton and the bass John Noble, with useful support from the soprano Shelagh Molyneux and from Christopher Robson, whose alto is uncommonly bright and incisive. Each of these cantatas alternates powerfully rendered anxiety with staunch Lutheran reassurance and hope. The latter mood is naturally assigned to the bass, and Noble brought distinctive authority to his music—including also a militant, avenging aria with trumpet. In the tenor music Morton was attractively stylish while doing justice to the darkly fraught sentiments of much of it. He coped well with Dr. Steinitz's beat, which has not grown less inflexible with the years; in the great choral fantasias that open the 73rd and 178th Cantatas, Bach's striking interpolations of solo comment tended to arrive with a palpable grinding of gears. Sympathetic fervour had to do duty for finesse, and it did well enough.

Arts, Cambridge

Saint Joan by MICHAEL COVENEY

After the coronation of the Dauphin in the cathedral at Rheims, Joan describes to Dunois the experience of hearing her "voices." She hears them in church bells, chiming with the peals of each quarter-hour. Julie Covington sings these messages without a trace of fear. A hush descends on the theatre. We knew Julie Covington had a good voice. Some of us knew, after her Varya in *The Cherry Orchard*, that she was *on the verge of establishing herself* as an exceptional actress. Now, as Shaw's Maid of Orleans in Nancy Meckler's production for the Cambridge Theatre Company, she is giving a truly wonderful performance in one of the most challenging roles.

The secret is simplicity. Miss Covington goes straight to the heart of each scene, revelling in the buoyant optimism of Joan that carries her through all disparagement and difficulty. This elfin androgyne with a bright smile infects all who come within up short to take note of her sincerity with a simple, unaffected glance at God over her left shoulder. The speeches are never intoned, just delivered with speed, light and conviction. This Joan is neither a righteous bore in clunking armour nor a holier-than-thou saint on earth. She is a girl in a hurry with a job to do. The job just happens to involve God.

Nancy Meckler sets the play in a limbo of moving scaffolds (designed by Patrick Robertson) and has cast from the fringe. She does not quite avoid the pitfalls of the historical play: there are rather too many people standing around in floppy hats and wrinkled tights. But, on the whole, the show works well and gathers force *rights up to the magnificent* epilogue in the King's bedroom. Joan faces, as her chief adversaries, the magnificently solid Cauchon of John Phillips and the insinuating, deadly politeness of Fulton Mackay's equally in range. She can also pull us good *Inquisitor. There is fine* support, too, from Ian Hogg as Dunois and David Lyon as Warwick. Most original, though, is Ronnie Letham's scowling Dauphin who gets away completely from camp stereotype to suggest a confused dynastic brat in dire need of less protection. Joan is the girl next door whom he never met because the wall was too high.

The Dunois scene on the Loire is nearly botched by some feeble west wind effects, and *Joan could surely stay put for* "How long, O Lord, how long?" and not cross the stage to spoil the curtain. But there are some magical moments, mostly supplied by Miss Covington and none better than the chill shiver generated by the sen*tence of life imprisonment once* she has signed the recantation. When the fire is lit, its red glow inches slowly across the back steel wall, painting the rich conflagration of an insisfent sunset.

Cottesloe

The Ticket-of-Leave Man

by MICHAEL COVENEY

The dilemma of the Ticket-of-Leave Man, or discharged prisoner, is one better known from Galsworthy's *Justice*, but the theme was popular 50 years earlier thanks to Tom Taylor's 1863 melodrama. Robert Brierly, a Lancashire lad played with a thick West Yorkshire accent by Paul Copley, falls in with a bad crowd in a South London tea garden and is shut up in Portland Prison for three years. *Sustained by his affection* for May Edwards, an impoverished busker, he returns in Act 2 to repair what little damage he has unwittingly done and to prove himself an efficient clerk in kindly old Mr. Gibson's broker's office.

He has trouble shaking off the attentions of crooked James Dalton, a devious master of disguise, but adds heroism to incorruptibility by spoiling a break-in at Gibson's and running his adversary to ground in a smoke-filled graveyard. Enduring a crack on the skull, he opens his eyes to greet May, the detective and a relieved community as the lights fade.

The detective, Hawkshaw, is that hated Victorian specimen, the plain-clothes copper. Taylor's innovation was to make him likeable. Hawkshaw is driven by a revenge motive: Dalton clobbered a pal who finished his days a paralysed wreck. But the disguise of a drinking navvy among the card tables of the third act drinking hole allows Hawkshaw to eavesdrop on Brierly's good turn in saving May's landlady's grandson (chirpy Keith Jayne) from a ruinous night out.

It is just as well for Piers Haggard's uncertain production that Michael Elphick plays Hawkshaw. Alone among the cast he hits the right tone of brisk throwaway and emphatic *gesture, playing the idiom for* all it is worth but with appropriate affection. For, despite the seductive glow of lanterns in South London and a vivid cityscape later on (the designer is Robin Don), the National's approach to Taylor seems dutiful where others' to Boucicault has been unbuttoned. Things are not helped by a palm court trio scraping aimlessly away to underpin the melodramatic changes of gear.

Apart from Jack Shepherd's Dalton, the villainous forger who precipitates Brierly's downfall, and David Dodimead's kindly Gibson, the eye is taken by Jane Carr and Tim Wylton as a peripheral couple whose social fortunes oscillate from scene to scene: the latter tries clog dancing when the money runs out, but has to settle for humping a tray of trotters *through the streets in the wake* of his wife's success as a singer of sentimental ballads, a pre-eminence won with Miss Carr's irresistible delivery of "The Maniac's Tear."

While much care has been lavished on the Victorian frip*peries of presentation*, the show lacks a decisive emotional grip at such moments as Brierly's return from Portland in the middle of the landlady's endless chatter; or the disruption of the wedding tableau by the discovery of a "criminal" *record just as Hawkshaw*, smitten with decency, has refrained from applying the needle himself.

Festival Hall

London Symphony

by DAVID MURRAY

The LSO has a special sound when playing for its principal conductor, Claudio Abbado: taut and super-crisp, brightly exact, with a sizzling, almost explosive attack. On Friday they offered the early op. 11 Serenade of Brahms, which I cannot remember hearing in the Festival Hall before. The work acquired full orchestral dress in its final version, but its chamber origins can still be felt — if only by contrast with Brahms' symphonies (all much later), which have the concentrated density of self-conscious *magna opera*. If Abbado missed anything in the Serenade, it was just the insouciant flavour. We got hairtrigger keenness instead, and a wealth of fresh musical detail (not excluding charm) — rocketing excitement in the quick movements, and the little Adagio delectably played.

The soprano Margaret Price was the soloist in three of Mahler's *Knaben Wunderhorn* songs (not four as promised) and in the "Liebesod" from *Tristan*. Miss Price was in her best form, as alarmingly she virtually always is: the vocal production is perfect, the tone evenly luminous, the line strong and shapely, the intelligence formidable. Two of the *Wunderhorn* songs were jokey ones; perhaps the playfulness of "Wer hat dies Liedlein erdacht?" is not natural to Miss Price—part of the joke is that the *Liedlein* runs on and on heedless of breath-problems, whereas for her breath-problems don't exist—but she actually rollicked in the "Rheinlegendchen." And the haunted "Wo die schönen Trompeten blasen" was grandly subtle, with matching delicacy in Abbado's accompaniment.

Abbado gave us a seamlessly urgent *Tristan* Prelude, very much a concert-piece rather than a speaking operatic prologue (Reginald Goodall has lately reminded us how humanly frustrated and desperate this music is) In the "Liebstod," however, there was bated-breath immediacy and Miss Price outdid herself: without sacrificing a jot of her sovereign control, she suggested vulnerable depths and a living character One longs to hear her whole Isolde The programme note thought that Isolde has an "immolation"—some confusion there:

50 years of the Royal Ballet

The Royal Ballet will celebrate its 50th anniversary with a special, six-week season of productions this year. The repertoire, which will reflect the past 50 years of ballet, will be staged at the Royal Opera House, Covent Garden from April 30.

During the season, the Royal Ballet and Sadler's Wells Royal Ballet will give 18 performances—including the world premier of Kenneth Macmillan's *Isadora*. Based on the life of American dancer Isadora Duncan. With a specially commissioned score by Richard Rodney Bennett, it has Merle Park in the title role.

Among other highlights is a gala performance of *The Sleeping Beauty* on May 5, the actual anniversary day.

The Royal Ballet will dance the Dame Ninette de Valois production to mark the 50th anniversary of the first full evening of her Vic-Wells ballet at the Old Vic in 1931.

RUGBY by PETER ROBBINS

Future of John Player cup in doubt

IF, as seems highly likely, much of the Burgess report is adopted one of the more controversial issues is whether the John Player knockout cup will be retained. The reporting committee believes this particular competition does not contribute a great deal to the overall playing standards in England. That is arguable, but what is not is the enormous popularity of this cup with major and minor clubs.

This season John Player are chipping in sponsorship worth £67,000, making a total of £302,500 since they backed the competition six years ago. It is a generous figure, but there are others in the wings with equally generous purses although perhaps without the same expertise.

Awareness

If the cup is abolished I will expect John Player to be associated with the new league system not just because of their financial standing but because of their professionalism in sponsorship. Their philosophy is to do things in a low key but like any sponsor they seek public awareness and approval of their product.

It is impossible for anyone to evaluate the goodwill generated by any particular sponsorship but in rugby there are certain traditions which must be respected to achieve a balance between the establishment and the progressives.

If the County championship is diluted as Burgess suggests then will Thorn stay on as sponsors? They still have one more season to finance but if they pulled out (which I think unlikely) there would be no shortage of replacements.

It seems to me that the Thorn sponsorship had a more aggressive marketing stance than any other company, whereas the highly successful sponsorships of the WRU Cup and Bowring's suport for the Varsity match have been played in a much lower key.

If the many changes to the report are made then it seems logical that the administration should be amended. There are already signs of this for example in the setting up of an RFU sub-committee of six chaired by Alan Grimsdell to examine the present and future use of the facilities at Twickenham. It is in essence a marketing committee and while the present administration, i.e., the RFU staff, cope with the general day-to-day running of Rugby Football in England the time has surely come to appoint a commercial manager in much the same way that football clubs do.

Curious

The new south stands have cost £3.5m to build and the RFU debt at the end of the season will be about £1.5m. The debenture scheme got off to a very bad start and it is curious that rugby clubs who are so good at raising their own funds should not support the rugby union now. It would be a great pity if it were left to commercial enterprises to take up the best seats because that would mean that the ordinary club man would have that much less chance of a ticket at Twickenham.

There is bound to be a certain hesitancy on the part of the hierarchy about developing Twickenham because it would wish to control its own destiny. It must also be remembered that the RFU has not and will not always be in debt. I understand that Alan Grimsdell's committee will have a wide mandate to examine every form of money-making activity. They will certainly consider building facilities including a restaurant and squash and badminton courts. There is already a useful revenue from a conference organised by a religious sect and there must be many other ways in which to raise money. When one considers the number of people actively involved in rugby in England in approximately 2,000 clubs then one has some idea of the huge market involved. Just think of the sports clothing alone, the number of publications people read, the tours players undertake and it is easy to see how HQ can capitalise on its considerable buying power. Easy to see but difficult to organise and that is why the appointment of a commercial manager at a commercial salary is of prime importance.

SOCCER by TREVOR BAILEY

City feel the Peterborough effect

THE EXCITEMENT, interest and enthusiasm which the FA Cup still commands was much in evidence on Saturday when Peterborough United, the last representative from the Fourth Division, received First Division Manchester City who, since the arrival of John Bond as manager, have been so dramatically rejuvenated.

Instead of a normal League gate of about 4,000—which is well above average for the *lowest division and underlines* the football potential of the area—28,000 watched this fifth round tie.

As so often occurs, the atmosphere of a large crowd turned the match into a major occasion for the home side, rekindling memories of past successes in the Cup, including eliminating Arsenal in the 1960s. It inspired the team to play above themselves throughout a wonderfully entertaining first half.

The fire, speed and skill they showed in this period so rattled the visitors that another giant-killing looked probable, but unfortunately for Peterborough they failed to turn several comparatively easy chances they created into goals. Even worse, just before the interval Manchester City took the lead against the run of the play following a corner and an untidy goalmouth scrummage.

In the second half the home team were so drained by their earlier exertions that they lost much of their pace and also the initiative, so that their more cultured opponents had the edge and could have increased their lead with more incisive *finishing*.

City, having surmounted what proved to be a far more formidable hurdle than they probably expected, are now in the last eight, along with six other teams from the First Division, which again illustrates the class which is not to be found outside that division, with the notable exception of West Ham.

On the other hand there are, one suspects, several teams in the Third Division who could hold their own in the Second, while Peterborough on this display looked considerably better than a number in the Third.

The "Posh" will claim they deserved to beat Manchester City and, apart from finishing, gave a performance of which they can be proud. But Peter Morris, their manager, now has the task of motivating his players so that they show the same verve and determination for the remainder of the season in less exhilarating circumstances.

If this happens the club must stand a good chance of gaining promotion. It is also to be hoped that a percentage of those fair*weather supporters who turned* up for the glamour game will have been sufficiently impressed by what they saw to come again.

A connoisseur would naturally welcome an FA final involving Ipswich, Tottenham Hotspur or Southampton, but my own bet for the Cup is Everton. Manchester City, in spite of a substandard display against Peterborough, could with the right draw reach Wembley.

The ability of Power to go down the left wing, and Hutchinson down the right before crossing the ball back from the goal line provides fine scoring chances for their two lead forwards, while in midfield they have the strength of McKenzie and the thoughtful industry of Gow.

The FA has announced that it will investigate the recruitment by racist groups of the hooligan element among young soccer fans but I do not believe this will prove a serious problem.

There are a large number of outstanding black players in our league teams, who are inevitably becoming heroes to the supporters of the clubs they represent.

There was one black player to each side in the Peterborough-City match. By coincidence both wore No. 7 shirts, though they were employed in very different roles. Bennett of Manchester City is a beautifully balanced striker, who on this occasion was well held by the central defenders, while Quow of the "Posh" was the right-hand member of a midfield quartet.

There he worked exceptionally hard, even in the second half when the game was drifting away, and also displayd tenacity, control and an ability to distribute, which suggested he could do well in a higher division.

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Monday February 16 1981

Testing times for Zimbabwe

ZIMBABWE is going through a critical period. The strains within its coalition Government and within the national army being built up from rival guerrilla forces remain intense.

For an African nationalist there must have been an almost indecent irony in the need for Mr. Robert Mugabe, the Prime Minister, to call upon white officers and white pilots to quell faction fighting within that army. The fight pitted men drawn from his own Patriotic Front against men of Mr. Joshua Nkomo's PF-Zapu.

Instructors

British instructors are trying to weld them into a new national force consisting, so far, of 11,000 men, drawn in equal parts from the two factions. If reconciliation between the two groups is as unsure in the army as it proved to be last week, how much less predictable are the 20,000-25,000 guerrillas still in camps, fully armed, bored, and probably spoiling for a fight?

It is an encouraging aspect of the troubles that, at the top, the coalition Government seems to have held together. Little love is lost between Mr. Mugabe and Mr. Nkomo, but both appear to have decided that it is in their interests to present a fairly united front. When, in January, Mr. Nkomo was demoted from Minister of Home Affairs, with responsibility for the police, to being merely Minister without Portfolio, he decided to remain in Government. On the other hand there is a question overhanging his conduct during last week's clashes: apart from a general appeal for peace he kept silent until Friday when he did back Mr. Mugabe's course of action.

Mr. Nkomo may be influenced by the knowledge that opposition parties generally do not thrive in independent black Africa. By remaining in office he has clung to at least a bit of power. The question, however, remains whether and for how long he can (or wishes to) hold back his followers. The troubles last week arose at the bases of the two movements—not at the top. And the differences were more than party political: they were rooted in tribalism, the bane of Africa. Mr. Mugabe has his power base among the Shona, the most numerous tribe in the country, Mr. Nkomo's is among the Matabele.

Mr. Mugabe has an overwhelming interest in not treating next month's conference in Salisbury of potential donors of aid to a spectacle of inter-party and tribal fighting. He needs aid desperately to maintain the promising start made last year towards economic recovery.

Above all he needs aid if he is to settle the problem presented by the guerrillas in their camps. They need land on which to settle, and this year the Government does hope to buy 840,000 acres abandoned by white farmers. But it is under an obligation to do so on a "willing buyer-willing seller" basis—in other words not to expropriate. It is also under an obligation to pay in transferable currency.

There have been hints that unless sufficient aid was forthcoming, Mr. Mugabe might not be able to adhere to that undertaking, which was part of the settlement ending the seven years' guerrilla war against white rule. The damage that would do to the morale of the 200,000 whites remaining in Zimbabwe would be incalculable. As it is, they have been shaken by last week's events. There are estimates that 20,000 may emigrate this year.

Britain this month signed three aid agreements with Zimbabwe, including one providing £20m for land purchases and resettlement. Salisbury undertook to match that with £20m of its own. In addition Britain undertook to provide £15m for reconstruction purposes and the purchase of British equipment and spares. That is part of an offer of £75m over three years which Britain is taking to Salisbury on March 23-27.

Bilateral aid

Including that amount, offers of varying firmness to give bilateral aid totalling $350m have been made by 20 countries, plus $170m from international organisations including the EEC. The World Bank has yet to mention a figure and there is some hope that further offers will come in.

The West has every interest in keeping Zimbabwe stable. Zimbabwe in its turn needs Western aid and has a strong case for asking for more than is at present on offer. A final breach between Mr. Nkomo and Mr. Mugabe would help neither.

The management of education

THE NECESSITY of upholding quality of service to the consumer during a recession requires positive and often painful managerial actions. The necessity of these is the more obvious, and therefore the less avoidable by either management or trades unions, in organisations dependent on operating profitably against competition. But the fact that public services such as education are shielded from the pressures of the same kind does not lessen their prime responsibility to those who consume and indirectly finance the service concerned, or the necessity of positive measures to uphold its quality.

Planning

The State's independent educational inspectorate has now reported that this responsibility and the concomitant managerial control have largely been neglected by all but a dozen of the 104 local education authorities in England and Wales, in face of simultaneous reductions in public expenditure and the number of children of school age. Either of these movements would by itself be enough to necessitate careful planning and firm action by the authorities to safeguard the interests of pupils, students and the tax-paying adult population including employers. In combination, the reductions make what the inspectorate terms "coherent and orderly" management indispensable even to maintaining the young generations' educational standards at their present often inadequate level, let alone to raising them to answer the demands of new technological developments.

Unless the nation's prospects of sustained economic recovery are to be impaired, the duty of education authorities is not just one of spending less. They need also to see that what is left to be spent is invested effectively. While closing down surplus capacity in schools colleges and polytechnics, the authorities need to ensure that the remaining capacity has the balance of competent and suitably qualified teaching staff to provide tuition in essential skills and knowledge. It is also important that these teachers' effectiveness is not vitiated by lack of materials, equipment, laboratory technicians and other classroom assistance, clerical support, or adequate maintenance of premises. Equally important to the teachers employed full-time by a school or college is the support of part-time teachers such as those who can provide remedial instruction in basic literacy and numeracy.

No one would belittle the difficulties of leading such an orderly retreat. But the evidence of the State inspectorate's report is that most education authorities have not attempted the task. Instead, they have been content to trim expenditure along the lines of least resistance, especially where the teachers' unions are concerned. There has been a noticeable absence of compulsory redundancy among the minority—perhaps small in numbers but damaging in effect—of incompetent full-time teachers.

There has been no noticeable increase in efforts to oblige teachers whose subject specialisms are surplus to needs, to retrain in subjects where qualified staff are in short supply. Consequently, nearly a fifth of schools have inadequately balanced full-time teaching staffs. In others, the balanced staffs are prevented from working effectively by the authorities' tendency to economise on the less resistant categories of part-time and supporting staff, and on books, equipment and maintenance.

Balance

The remedy of increased public spending prescribed by professional interest groups and the Labour Party would not guarantee the necessary balance of competence and other resources, even if it could be afforded. The only corrective action lies through positive management, essentially by the local authorities.

Mr. Mark Carlisle, Secretary for Education and Science, could do more to provide a lead. He might do so particularly in bringing teachers' unions to accept compulsory redundancies among incompetent full-time staff and those with unneeded specialisms who refuse to retrain. This alone might improve the morale of overburdened teachers with specialisms which are in short supply; they can at present see equal salaries being paid to colleagues who are often at best passengers. If extra money were needed for such redundancies, the Government would do better to find it than to let the service break down.

Mr. Carlisle should also admit that his proposal that schools raise money from parents is of no avail to schools in poor areas, where the inspectorate finds the threat of deterioration to be most severe.

CROWN AGENTS INQUIRY

A glimpse behind the scenes

By Richard Lambert, Financial Editor

AFTER 260 days of listening to roughly 6m words of evidence, the Tribunal of Inquiry into the Crown Agents has gone into hibernation. Some time around the end of the year, it should produce the definitive report on a financial scandal which ripped through Whi[illegible] in the mid-1970s.

The tribunal has already given a rare insight into the workings of Britain's financial community. In the past few weeks of the public hearings, limousine loads of senior Bank of England officials were cross-examined about their responsibilities in the affair. As a result it has become clear, as the former deputy governor admitted, that the Bank's view of what its duty was in this affair is "quite widely different" from the way that the Treasury views the Bank's responsibility.

For a hectic period of seven years up to the end of 1974, the Crown Agents behaved in a way that implied it was virtually impossible to do anything but make fat profits in the financial markets. Plenty of other secondary banking businesses felt the same way, and most of them turned belly up in the crash of 1974.

But the Crown Agents were different in two respects. One was the size of their operations, which led ultimately to losses and provisions of over £200m on loans to such borrowers as Mr. William Stern's group of property companies. The other was that they were a form of Government agency, but their precise status as an unincorporated body within Whitehall was never clear. For a surprisingly long time, surprisingly few people in authority were aware of what the Agents were up to.

Only at the very end of 1974 did the horrid truth emerge. Then the Government was obliged to fork out £85m of public funds together with a standby credit facility of £50m in order to prevent a crash.

According to the Fay Committee of Inquiry, which reported in 1977, this catastrophe was due to incompetence rather than misconduct.

Against the original wishes of the Labour Government, the public disquiet caused by Fay's disclosures led to the full Tribunal of Inquiry, which has now been grinding away for more than two years. For most of that period, public interest in its hearings have been just about zero. But the Bank of England's evidence in December and January has brought a glamour to the proceedings. Witnesses included the Governor, Mr. Gordon Richardson, and his predecessor Lord O'Brien of Lothbury. For seven gruelling days, Sir Jasper Hollom, former deputy governor and present chairman of the City Takeover Panel, was subjected to intense cross-examination of a type that must be most unfamiliar to senior central bankers.

A central issue in this part of the hearing was whether the Bank of England—as the Government's eyes and ears in the City—had any responsibility for monitoring or controlling the Crown Agents' activities.

Mr. Richardson's view was unequivocal. "The Bank has at no stage had a responsibility for the affairs of the Crown Agents: it has not been asked or entitled to supervise or control the activities of the Crown Agents: it has not been responsible for the appointment or discharge of the Crown Agents or their officers. The Crown Agents were, and indeed are, a public sector body. Such matters therefore lay within the province of Government."

Sir Jasper Hollom went further. "I am conscious that Sir Douglas Wass (permanent secretary to the Treasury) suggested that the Government had not the expertise to supervise banks in this way. But the fact remains that the Trustees Savings Banks, the former Post Office Savings Bank, now the National Savings Bank, and the Giro do fall into this category. They are patently banks. They are in the public sector; and they are not the concern for supervision purposes of the Bank of England."

Moreover, said Sir Jasper at a later stage in the hearing, it was not apparent that the Treasury relied on the Bank for information relating to the Crown Agents. "They asked us, from time to time, questions about the Crown Agents, but they would have gathered clearly from our answers and, indeed, from the concerns that we expressed, that our knowledge was limited and patchy. They would have realised, I think, that they had available better sources of information."

For the Tribunal, Mr. Peter Scott QC argued that "you cannot supervise the banking and financial sectors in the way that the Bank held itself out to supervise them if you do not know what is happening to one of its most important constituents. It may be said that the Bank was entitled to assume that things were in order until it emerged that they were not. To that I would simply say that is a dangerous approach, but in any case the Bank of England had plenty of cause for concern about the Crown Agents."

The Tribunal was told of a number of occasions on which the Bank became aware of the Agents' shortcomings. Commenting on their Treasury Bill portfolio at the end of 1971, a senior Bank official noted in a letter read out to the Tribunal that: "This highlights the stupid way in which they conduct their TB operations. I have tried several times to educate them, but in vain and do not intend to try again."

On another occasion, the Tribunal heard the head of the Exchange Control Department comment on one transaction "I think it is disgraceful that the Crown Agents should lend themselves to this. They must have known that it was a racket." This was a reference to an apparent breach of the spirit of the UK exchange control rules, via the so-called Kuwaiti gap.

But the Bank had plenty of other things on its mind. Its Discount Office was at the time the centre of credit assessment, and was expected to express views on the worth and competence of companies and people in the financial world. It had a staff of about 14 including typing and filing staff. As the former Principal of that office told the Tribunal:

"It will be appreciated that with such a small staff, financial supervision of some three or four hundred recognised banks, not to mention the various other activities of the office, relied heavily upon self-regulation and self-discipline in a banking community which for generations had fostered a well organised system of banking education. The City of London had, and still has, some of the highest standards of banking proficiency in the world. The troubles of the early 1970s were to a large extent the result of a temporary relaxation of those standards."

Moreover for a key period of at least 18 months in 1971 and 1972 all opportunity of obtaining information or exerting control by the Government or its agents was effectively lost. This was the time when the Stevenson committee was appointed to look into the Agents' affairs, and any question could be parried with the argument that the relationship of the Crown Agents with HMG was already under investigation.

The report of the Committee, which was not published, gave qualified approval to the Agents' activities.

The Bank and the Treasury had both wanted this inquiry to be an in-house investigation, conducted by their own senior officials and a representative of the Agents. Both were overruled by the Overseas Development Administration.

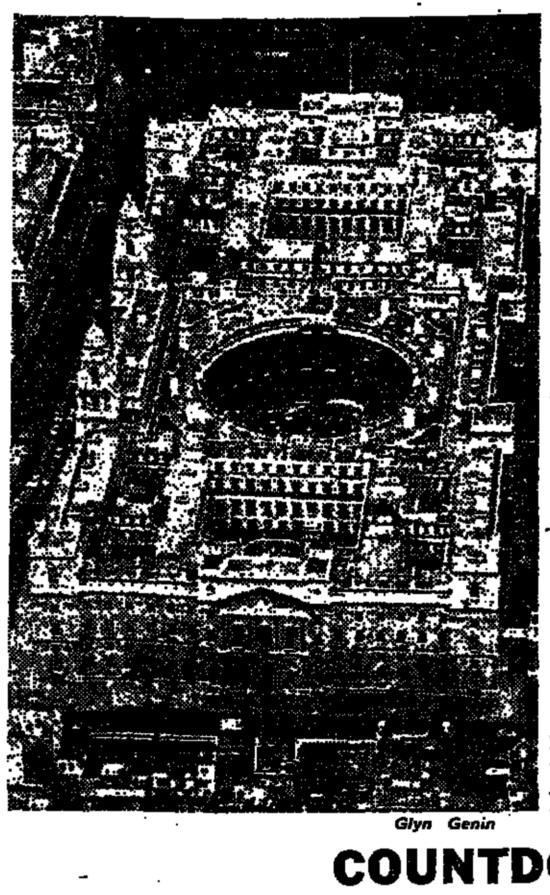
The Bank's attitude to the subsequent inquiry was expressed in an exchange between the chairman of the Tribunal, Mr. Justice Croom-Johnson, and Mr. John Fforde, an executive director and former chief cashier.

The chairman: "... it was important was it not that the Bank's attitude should be properly put before the Stevenson Committee before they made recommendations, and who was better to do it than the Bank?"

Mr. Fforde: "To answer the last part of your question first, the Treasury was in just as good a position to tell Sir Matthew Stevenson that he had misunderstood the view of the Bank. I can only repeat, to the earlier part of the question, why leave it to the Treasury, the answer is that we regarded this, indeed it was, a Treasury exercise in which the Treasury was in command and it would be up to them to put this right."

Discussing the Bank's evidence to Stevenson, Lord O'Brien told the Tribunal: "I think they could have given more help. If they were not given the opportunity to do so, maybe they could have sought the opportunity more assertively, as I say, with the benefit of hindsight."

On the question of the Bank's general supervisory activities, Lord O'Brien said that nationalisation of the Bank in 1946 had made very little difference to a system which depended not so much on the Bank's formal powers as on its accepted prestige and position. It was not until 1979 that, partly as a result of the fringe banking crisis of 1973-74, all deposit taking institutions had been brought under Bank of England control through the passing of a comprehensive Banking Act.



The Tribunal of Inquiry into the Crown Agents has heard differing views from the Treasury (left) and Sir Jasper Hollom (right), former deputy governor of the Bank of England, about who was responsible for supervising the Agents before their problems in the mid-1970s.

Glyn Genin

COUNTDOWN TO DISASTER

1967. Agents start dealing on their own account, as opposed to acting simply as agents for their foreign principals. The idea is to build up reserves big enough to support the operation if the traditional activities die away.

1968. Agents' first commitment to property development in Australia. They also start to inject principals' money into Finvest, the main own-account operation. Its investments rise from £10m in 1967 to £58m in 1968.

1969. Agents now committed to a £61m development programme in Australia. Start to become heavy buyers of shares in First National Finance Corporation. Finvest balance sheet up to £127m.

1970. Critical article in Sunday Times sets alarm bells ringing in Bank and Whitehall. Bank voices its concern to the Treasury.

1971. Agents start issuing "comfort letters" to encourage third-party lending to their property interests. Total sums "guaranteed" rise to £38m in two years. In January, the Overseas Development Administration (ODA) decides to set up an inquiry about the organisation of the Agents: the Stevenson Committee. Appointment announced in November.

1972. Stevenson reports in March: no mention made of the Australian adventure. Mr. William Stern starts to borrow money from the Agents. By the end of the year, his companies have borrowed £8.4m, a figure which is set to rise to £21.4m over the following 12 months.

1973: In November, 28 months after the initiation of the Stevenson inquiry, the ODA imposes a series of principles to govern the Agents. Agents without a director of finance for much of the year. In December, the collapse of London and County signals the start of the secondary banking crisis.

1974. By April, the Agents' loans to Stern reach £35m. NatWest commissions Peat Marwick Mitchell to investigate the position of Stern companies. May 6, Peat reports the situation is hopeless. May 13: meeting between Bank, Treasury, Agents, Ministry—the Bank is by now "perfectly clear that in all ordinary terms the Crown Agents were bust, or were capable of being bust."

In July, the Minister announces a new structure and guidelines for the Agents. October, Mr. (later Sir) John Cuckney takes up post as Crown Agent. Shortly before taking office, the Treasury tells him: "They had been told in May of a possible crisis, but that seemed to be over."

October 16, Cuckney asks Sir Henry (later Lord) Benson, senior partner of Coopers and Lybrand, to make an urgent report. November 27 report submitted. As a result of these inquiries, the Minister announces on December 18 the immediate provision of £85m of public money together with standby credit facilities of £50m.

1977. Total operating losses and provisions now amount to £212m.

MEN AND MATTERS

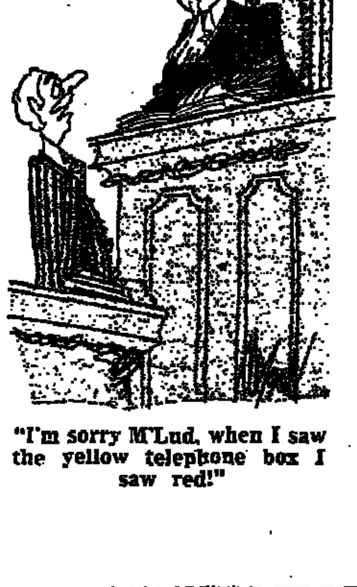
Putting money on the line

The infamous marigold telephone kiosks may now be seen in action, or *de temps en temps*, I presume, out of action, in various metropolitan streets, notably the Edgware Road. And very nasty they look too. But what of last week's other innovation from "British Telecom," the proposed £360m of bonds for sale to the private investor? Has BT found the right numbers to make its connection with the market?

To judge from my preliminary fund-manager straw-poll, something of a conflict of interest may arise — between the manager as telephone-user, and as the custodian of clever money. A profits-linked return, though not yet entirely discounted, would begin to look rather like equity. But a return linked to turnover?

It would appear that the higher British Telecom prices go, while staying on the right side of the diminishing returns line, the higher the returns to bondholders. "The bond sounds," remarked one pithy if slightly behind-the-times manager, "like a bet on the incompetence of the Post Office."

Perhaps, then, the Treasury should not after all, waive the Government's right to influence BT pricing policy. Would the fund manager then, with a clear social conscience, plunge into the new bonds? "Not on your life, mate."



"I'm sorry M'Lud, when I saw the yellow telephone box I saw red!"

Tongue-tied

In what cause, would you guess, is Westminster's largest all-party combination united? The curious answer is that 127 honourable members have put their collective weight behind the Esperanto Parliamentary Group—even though, as far as I can establish, not one of them can speak the Esperanto language.

Esperanto was devised in 1887 by Dr. Ludwig Zamenhof, a Warsaw oculist. Its particular quality, and the key to its putative but unrealised universal utility, is its regularity. It has no irregular verbs, contrasting with the 200 or so in English.

Among those subscribing to the sentiment "Ni kunvenu nun"—Esperanto for "Let's get together"—is a spread of Parliamentary opinion including Sir Harold Wilson and Roy Hattersley, Teddy Taylor and Tristan Garel Jones, the Earl of Clancarty and Lord Scanlon.

"Personally, I don't think it will ever catch on like English," confesses the brutally realistic EPG joint secretary Jack Dunnett. "The group is more a gesture of goodwill towards internationalism," explains the Nottingham East Labour MP, "and its activities are more beneficial than some other pursuits here."

His fellow organiser, Tory MP Robin Squire, would be equally lost for words at any Esperanto convention. "Any letters I've had in Esperanto," he tells me, "I've taken to the Esperanto Association for translation."

According to the Esperanto Association's Brian Barker, some 10,000 people in this country speak the language fluently. It is used for public notices in Holland, and Radio Peking broadcasts four programmes a day in the macaronic tongue. But the growth area for the future, says Barker, may be the Common Market; where Brussels Eurocrats already labour in seven official languages with the prospect of two more to come. There, I concede, he has a fair case.

Love, not war

A piece of unorthodox but timely business marked Valentine's Day in the Nevada State Assembly, where relations between the male and female legislators of Carson City have often tended to be a little fraught.

As my correspondent describes it, "the Assembly's battle of the sexes ground to an uneasy truce during typical end-of-the-week hi-jinks." The assemblymen convened a men's caucus meeting in that inner sanctum of American wheeling and dealing, the men's room, to recommend that the women's caucus be dissolved.

On this occasion, however, the powder-room was not commandeered for an opposing conclave. Instead, Speaker Karen Hayes introduced the following resolution: "Whereas, when the women members of the Assembly of the 61st session of the Nevada Legislature first gazed upon the male members, the women's eyes popped out, they got all choked up inside and chills ran up and down their spines; and whereas, the women then knew that the men would take a little getting used to, now, therefore, let it be resolved that the male members of the Assembly be our Valentines and be it further resolved that we will resume the battle Monday."

Corn exchange

Something of a bottleneck situation appears to have developed in respect of the many thoughtful observations passed on by readers. If we can all take a deep breath, I will attempt in the next paragraph or two to clear the blockage.

I have photographic evidence for the claim that the front door of the Center for Law and Justice in Seattle, U.S., sports a notice reading "No Solicitors": and of an optician's shop in Albany, New York, which offers "Eyes examined while you wait," which, I agree, would seem quite the most comfortable procedure. Still across the Atlantic, the time is evidently out of joint for the sponsors of "National Energy Education Day," who proclaim their venture to be "a year-long programme that will culminate on March 20th 1981."

Back home, this newspaper's company news headline "Ladies Pride shows a slight slip" brings a tongue-in-cheek riposte from workers at the firm that "our male staff are looking forward to a more substantial fall next year," while staff approaching Barclays Bank, Lombard Street, offices from Bank station are disconcerted by a building contractor's hoarding warning "No entry—except for access."

Finally, though I am less inclined to vouch for its veracity, comes a note from a reader who claims to have overheard the following lament in a Richmond public house: "My boss refused to sign my expense account—but he said I could make a fortune out of the fiction rights."

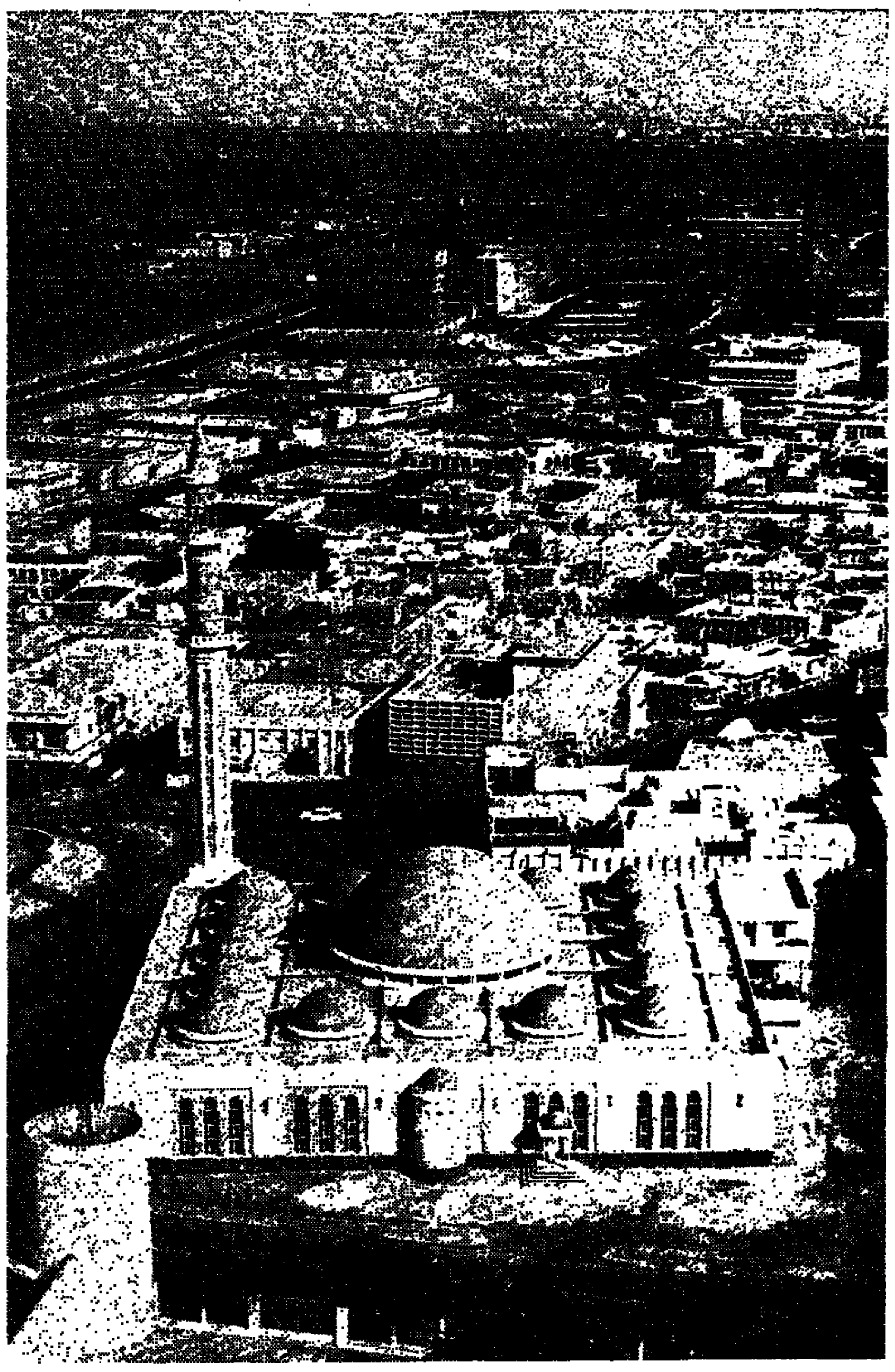
Observer

FINANCIAL TIMES SURVEY

Monday February 16 1981

QATAR

Qatar is investing heavily in its infrastructure, industry and education as the oil revenues continue to flow in. The state's importance is expected to be transformed by development of the North West Dome, the huge gas field which, eventually, will make Qatar one of the world's biggest gas exporters.



Doha, pictured here with the Grand Mosque in the foreground, is virtually a city state. The capital has grown rapidly in the past ten years and about 90 per cent of Qatar's population now lives there. The city's elegant West Bay development, being built on reclaimed land, will eventually house the country's diplomatic community, government ministries, company offices and provide a range of facilities for the population of up to 60,000 who will live there

Prudent schemes bring progress

By Roger Matthews

"THERE HAS BEEN no rain in Qatar and the spring grazing has failed. Economic conditions are very bad. A recently returned doctor reports that poverty is very marked . . . many people do not have enough to eat."

SO WROTE the British Political Agent in Bahrain on March 14, 1934. Just over four years later in admirably succinct style he telegrammed his opposite number in Kuwait: "Petroleum Development Qatar have had slight show in their test well near Zekrit. Drilling continues."

This moment marks the beginning of Qatar's transition from the day when one visiting British political agent complained about having to spend most of his spare time down a well to escape the "appalling heat" to 1981 when, from his air-conditioned Jaguar, the British Ambassador can survey one of the world's richest nations in terms of per capita incomes.

Having raised its oil prices by $4 a barrel from January 1 Qatar's estimated 50,000 nationals can look forward to an income per head this year of about $14,000. If further compensation is needed for living on this physically inhospitable thumb of land sticking out into the Gulf, the people of Qatar may also appreciate their virtual freedom from any form of taxation plus free health care, water, electricity and education.

Doha, the capital, has mushroomed as the oil revenues flowed in bringing in their wake an estimated 70,000 Pakistanis and Baluchis, 40,000 Indians, 40,000 Iranians, 25,000 Palestinians, 20,000 Jordanians, Syrians and Lebanese, 15,000 Egyptians, 10,000 Europeans and Japanese, 7,500 Britons, 2,000 Koreans and about 2,000 people from Bangladesh, who in total now outnumber the Qataris by more than five to one.

With rare exceptions they cannot expect ever to attain Qatari citizenship however long they stay and however senior the position they may hold. But especially since the quadrupling of oil prices in 1973 the transformation of Qatar has provided well-paid employment for those able to provide technical and manual skills untrammelled by political activity.

Such a massive dilution of the indigenous population in such a relatively short period might suggest a diminution of Qatari control over their own affairs. To some extent this must be true but the reins of power remain very much in Qatari hands and there are no major decisions which are taken without the blessing of the Emir, Sheikh Khalifa bin Hamad al-Thani.

To recall the 1930s and early 1940s when the Emir was a young man does more than provide vivid contrast to today's affluence. The memory of that hardship has stayed with the Emir and helped him regard the country's oil wealth as a wasting asset which has to be used carefully to ensure Qatar's future economic viability.

Experience

Money has not been frittered on grandiose schemes. Instead, a heavy industrial base has been built, there has been large investment in education and there are more sophisticated schemes now to develop light industry in the private sector. The Emir's early experience also seems to have made him a convinced monetarist. When in 1977 the money supply was getting out of control he simply stopped signing cheques with impressive immediate effect. Before long even the IMF was urging the Government to reflate, which it is doing cautiously but is still running a substantial budget surplus. Unemployment, of course, is not an issue for Qatar — it can be put on a plane at the airport.

Qatar has been fortunate to escape the external pressures which during the past decade have been placed on its larger Arab oil-producing neighbours. Its oil production last year was little over 470,000 barrels a day, hardly enough to make much impact on world demand.

So although it shares the concerns of its Arab brothers, and belongs to OPEC, the Arab League and the Islamic Conference, it rarely becomes involved in contentious bilateral issues. Qatar understandably finds security among like-minded friends and has been distressed by the divisions in the Arab nations which have been exacerbated by the Egyptian-Israeli peace treaty and the war between Iraq and Iran.

The Gulf war has brought home to Qatar the dangers of more widespread instability in the region which, as befits its size, it has answered with commensurately small actions. Instead of cutting oil production, which it should have done for technical reasons, Qatar has maintained export levels to the industrialised world in order not to make more acute the difficulties caused by the 4m barrels a day shortfall brought on by the Gulf war.

Qatar is also buying a squadron of Mirage F-1 interceptors along with other military hardware from France and perhaps some Rapier surface-to-air missiles from Britain. No one in Doha would pretend that its tiny armed forces comprising 18 nationalities, could do much against a determined aggressor but Qatar's actions serve both to demonstrate its independence and its willingness to bear its share of the common burden.

Qatar, however, may be thrust into greater international prominence during the next decade. As its oil reserves gradually taper off during the rest of this century it is going to replace them with gas. And Qatar is sitting on one of the largest known gas fields in the world—the North West Dome.

It is still too early to know the field's precise recoverable reserves, but the North West Dome off, perversely, the north east coast of Qatar, has attracted headlines claiming that it contains one-eighth of world gas discoveries. Characteristically, the Qatar authorities are approaching the Dome's development with caution but they are trapped increasingly by the pace of the country's development.

Qatar's population and its new industries — steel, petrochemicals, fertilisers, cement, with perhaps aluminium to come — are demanding energy at a rate which is outstripping current gas output, especially the gas which is produced in association with oil. As few people are now willing to put up with the privations endured by the visiting British political agent in the 1930s the demand for air-conditioning during the fiercely hot and humid summer months is such that a massive new power station is to be built and it will have to be fuelled by supplies from the North West Dome.

Given that imperative and the size of investment involved, it

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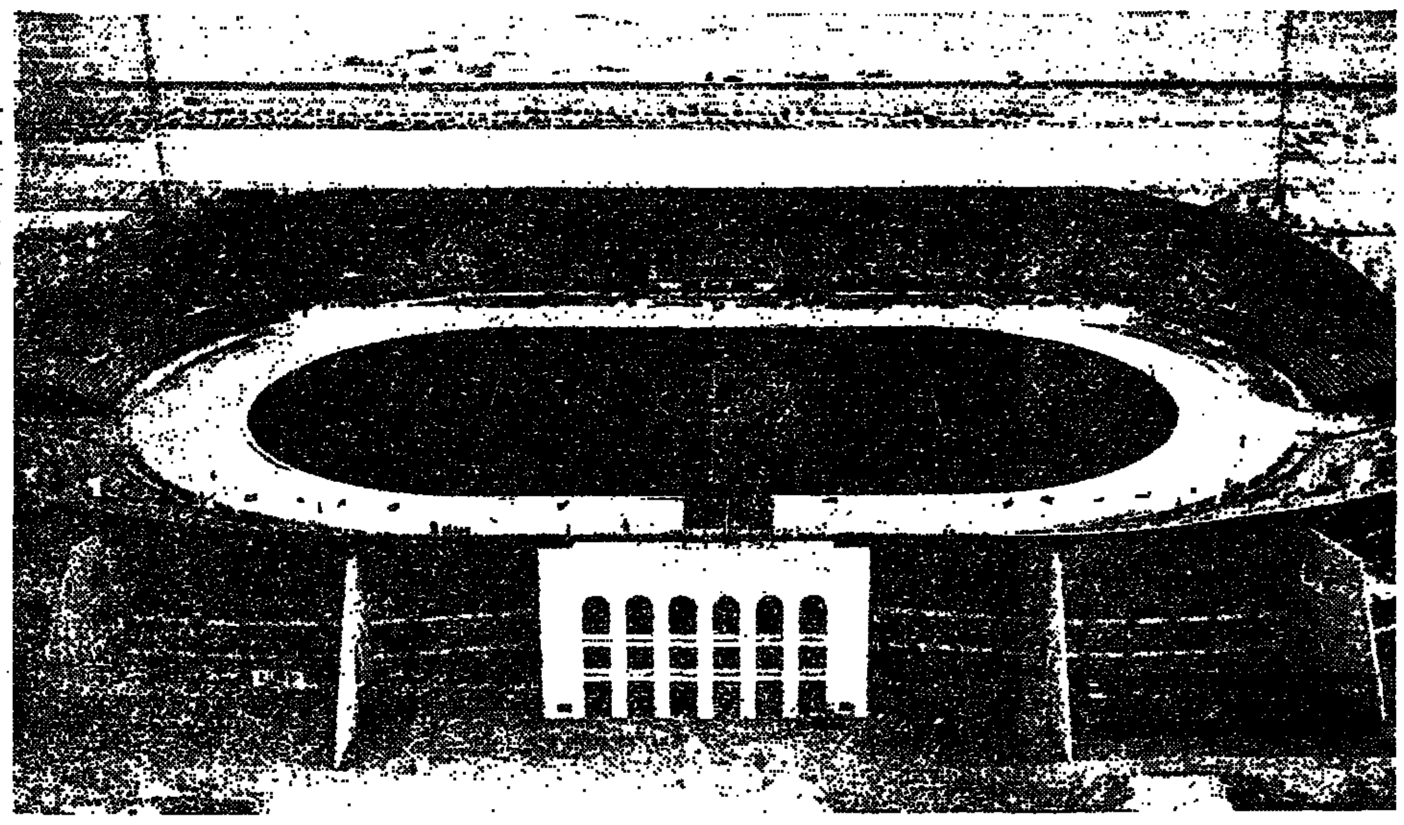


SPORTS PROJECTS INCLUDED IN DEVELOPMENT PROPOSALS

Qatar has been careful to avoid building status symbols which do not contribute to the country's economic development. However, Doha's magnificent sports stadium (above) with seating for 40,000 people, one-in-seven of the population, has raised one or two eyebrows. There are plans for more but smaller stadiums in the 1981 budget proposals to cater for a range of sporting activities called for by Qatar's growing population and increased leisure time. Oil income finances the budget

Oil income stays ahead of budget increases

ECONOMY

PROFESSIONAL ECONOMISTS tend to become quickly frustrated in Qatar. There is, of course, employment for the technicians and the experts in certain forms of monetary operations but the very simplicity of the economy leaves little for the theorists to get their teeth into.

The Emir, Sheikh Khalifa bin Hamad al-Thani, is effectively his own Chancellor of the Exchequer, and he plans and executes his budgets along lines that would be familiar to Mr. Micawber. Happiness for the Qatari authorities is to be underspent; misery is deficit financing.

To the chagrin of the banking and commercial community this trait has been much in evidence during the past three years but it has served to cool the 1977 overheating which had been caused by the rush of oil revenues in 1974 and 1975. Inflation has been brought down from a peak of over 35 per cent to an official 10 per cent, although one independent assessment puts it at nearer 19 per cent.

The rate of import growth slowed markedly and land values, which had been soaring out of all proportion to the building area available, theoretically have dropped. The drop is largely theoretical because Qataris, now acclimatised to an oil-based economy, find it difficult to believe that prices can fall and therefore refuse to sell.

Qatar has few instruments of monetary policy and no controls over capital movements. Interest rates have been fixed for years at a maximum 9.5 per cent for borrowers and 7 per cent for lenders. Money supply is strictly controlled by the Emir in such a personal way that bankers claim to be able to tell when he is on holiday, through no other way than the effect that three weeks of his not signing any cheques has on liquidity.

More than 90 per cent of Government revenues accrue from oil sales which this year should exceed $7bn. With the exception of the 1976-77 aberration, there has not been a year since 1973 when the increase in Government expenditure approached the rise in oil revenues.

In 1979, for example, budget spending was about 28 per cent up on the previous year but over the same period oil receipts are estimated to have climbed by nearly 50 per cent. Last year's budget (for the financial year beginning November 1979) actually forecast a deficit of QR 465m ($127m) but as everyone confidently predicted at the time there would again be a surplus of at least that amount.

In presenting his latest budget in November, the Emir's second son and Minister of Finance, Sheikh Abdul Aziz bin Khalifa al-Thani, struck an expansionary note with forecast spending at QR 8.95bn, a rise of 20 per cent over the previous year's allocations. On January 1, following the OPEC meeting in Bali, Qatar's oil prices were increased by $4 a barrel, a rather larger rise than would have been anticipated two months before when the budget was drawn up.

A further, perhaps more modest, increase must be expected during the course of this year. The Qatari authorities might therefore be willing to contemplate spending a higher proportion of budget allocations during the coming months.

Sheikh Abdul Aziz bin Khalifa al-Thani, Minister of Finance and Petroleum: his latest budget forecast a 20 per cent rise in spending and emphasised the value of new projects

BUDGET ESTIMATES

	(millions of Qatari ryals) Nov. 1980-Nov. 1981	Nov. 1979-Nov. 1980
Industry and agriculture	2,971	2,713
Housing and public buildings	972	1,058
Public services	391	230
Education	679	527
Health	243	167
Electricity, water drainage	1,726	1,292
Transport, Communications, Roads	802	490
Other activities	1,171	887
Total	8,955	7,364

Source: Ministry of Finance and Petroleum

The largest budgeted item is industry and agriculture predictably, followed by water, electricity and drainage which reflects the strong increase in demand of the past three years and the strain this has imposed on existing facilities.

However, in his budget statement, the Minister particularly emphasised the attention which was being given to new projects. These accounted for 50 per cent of planned expenditure "and provided greater possibilities for activating the country's economy," he claimed.

Promised

Tucked away at the end of the budget statement was a small item which some bankers believe offers a better guide to the likely performance of the economy this year. The Government has announced its intention of making available the remaining QR 700m of the QR 1bn promised in land compensation payments.

Assuming that this money is paid in full it could considerably ease liquidity problems, especially if dollar interest rates continue to fall and the authorities keep to the general expansionary lines set out in the budget. With the commercial banks currently nearly 100 per cent lent there is little opportunity for encouraging new business although this is a role which in regard to small-scale industry the government seems to be assuming for itself.

But the biggest injection of funds in the next two to three years will come from the development of the offshore North West Dome gas field which, according to some estimates, will cost $4bn and could involve as much as $20bn. The spin-off effect this will have on population, housing, services and trade will certainly be considerable and however cautious the government wishes to be there seems little it can seek to do but keep the boom under manageable proportions.

The lessons learned after the oil price explosion appear to have made a deep impression, however, and according to the authorities any indications of an over-rapid rise in the rate of inflation will be dealt with firmly.

The Government - imposed economic slowdown of the past three years has also served to strengthen Qatar's already healthy balance of payments surplus. In 1979, the last full year for which there are official figures, Qatar's exports showed a 58.4 per cent rise to QR 14.65bn while imports, at a modest QR 5.378bn, rose by only 17.2 per cent. As a result the balance of trade surplus doubled to QR 9.277bn.

There was a more modest rise in the current account surplus from QR 3.58bn in 1978 to QR 4.85bn in 1979 while the overall balance of payments surplus climbed to QR 2.74bn from QR 1.41bn over the same period.

Officials predict that when the figures for 1980 are published they will show a further if not substantial increase in the overall balance of payments surplus, with a yet bigger rise scheduled for the current year.

It had been anticipated that the surplus would probably narrow during 1981 because of the government's desire to reduce oil exports in order to extend the life of the fields but this move has been postponed as a result of the war between Iraq and Iran. Even if oil export volumes had been reduced, revenue levels would have continued to rise because of the $4 a barrel price rise at the beginning of the year.

Qatar's external payments may move closer to an overall balance later in the decade when oil production has been trimmed and the North West Dome gas exports have not fully started but this transitional phase is forecast soon to give way to another period of growing surpluses.

Outflow

Capital flows are difficult to assess but Qatar's rigid interest rate structure has undoubtedly contributed to an outflow of funds during the past three years. With inflation at one time running at an annual rate of over 30 per cent, it made little sense for depositors to take the maximum 7.5 per cent available in Doha when just down the Gulf coast double that rate could be acquired by switching into dollars.

There is a suspicion among the commercial banks that a large proportion of these funds never return to Qatar and that the trend became more marked from last September when the Gulf war broke out. While the authorities do not appear to see this as a problem, and politically it would be difficult to impose physical restraints on how or where a Qatari chooses to deposit his funds, there have been lower-level discussions in Doha on the possibility of introducing new monetary instruments which might make retaining deposits in the country rather more attractive.

The government itself is unofficially estimated to be holding about $5bn abroad in a wide spread of foreign currencies and ranged over a number of financial centres.

It is this sort of cushion, plus the continuing high rate of growth and the unquestioned profitability of almost all of Qatar's private sector enterprises (with one or two exceptions where the wounds have been largely self-inflicted) which makes the country's "problems" seem so insignificant when compared with those faced by most of the developing and industrialised world.

The younger generation of Qataris do sometimes hint that they would like to see a faster rate of growth, a criticism which is being answered at least partly by this year's budget and inevitably in the longer term as a result of exploitation of the country's gas reserves. They should also take some satisfaction from the strides which the government has taken to diversify from an entirely hydrocarbons-based economy into one in which industry will contribute an increasing share of Gross National Product.

If Qatar gets its calculations right about the North West Dome and reasonable political stability can be maintained in the Gulf region, there is no reason to predict anything but continued strong growth for the economy—and a lack of employment opportunities for economic theorists.

Roger Matthews

Prudent schemes bring progress

CONTINUED FROM PREVIOUS PAGE

is only a small step towards beginning the process which one day will make Qatar one of the world's biggest gas exporters.

Qatar's potential importance has been emphasised by a recent Shell study of world gas utilisation. Shell estimates that world gas consumption last year was about 54 trillion (million million) cubic feet of which only 7 trillion cubic feet (equivalent to about 3.3m barrels of oil) was traded internationally. Shell forecasts that by 1990 15-16 trillion cubic feet will be exported. The estimates of Qatar's North West Dome reserves range from 75 trillion to 300 trillion cubic feet.

Taking the more widely-accepted guess of 150 trillion cubic feet and assuming Qatar captured 10 per cent of the forecast 1990 market it could keep exporting at that level for about 100 years. If the higher reserve estimates are found to be more accurate, or if Qatar exports less, and assuming cheaper alternative sources of energy are not discovered, then it is difficult to challenge one industry expert who commented: "Qatar is in the almost unique position of being able to guarantee its economic well-being for several centuries ahead."

There are problems of course. Although OPEC countries may by 1990 account for over 30 per cent of the world's exported gas there seems little chance of their being able to dictate pricing policy in the same way that they do with oil. The difference in costs of production and transport plus the heavy capital investment for both purchaser and producer point to rather more ad hoc arrangements.

The Qatar General Petroleum Corporation is already casting around for possible customers who would also be invited to share in the development costs of the North West Dome which have been put initially at about $4bn but could eventually reach $20bn.

Pearls

It would be a splendid irony of history if, as seems highly probable, Japan becomes Qatar's biggest customer. It was the Japanese who with their invention of the cultured pearl in the 1930s, were largely responsible for the collapse of Qatar's fragile economy. Cultured pearls forced down the prices of natural pearls by 90 per cent in the space of a few years, destroying the main plank of Qatar's economy.

Forty years on the Japanese are said to be ready to take whatever gas Qatar is willing to sell and it has not been lost on QGPC officials that Tokyo is already paying higher prices than other importing nations.

The development of the North West Dome is certain to inject fresh money into the economy and traders are already talking about an impending boom and the opportunities this will make available for foreign companies. They believe it will become increasingly difficult for the Emir to maintain the tight budgetary control of the past three years and foresee a substantial rise in Qatar's expatriate population.

There is little evidence so far that the Qatari authorities are anxious about the size of their guest population. The state cannot operate without them and therefore strives to ensure that their presence is strictly non-political. Efforts are being made to introduce stricter controls on unregistered immigrants and those who have shown the potential for trouble have been politely escorted to the airport.

Unlike several other Arab states there is no overt sign of political repression, perhaps because there is no political activity. Yet it must be at least questionable whether the patriachal system of government, with the Emir and members of the al-Thani family in the controlling positions, will not have to undergo some change in the coming years to reflect the country's economic transformation.

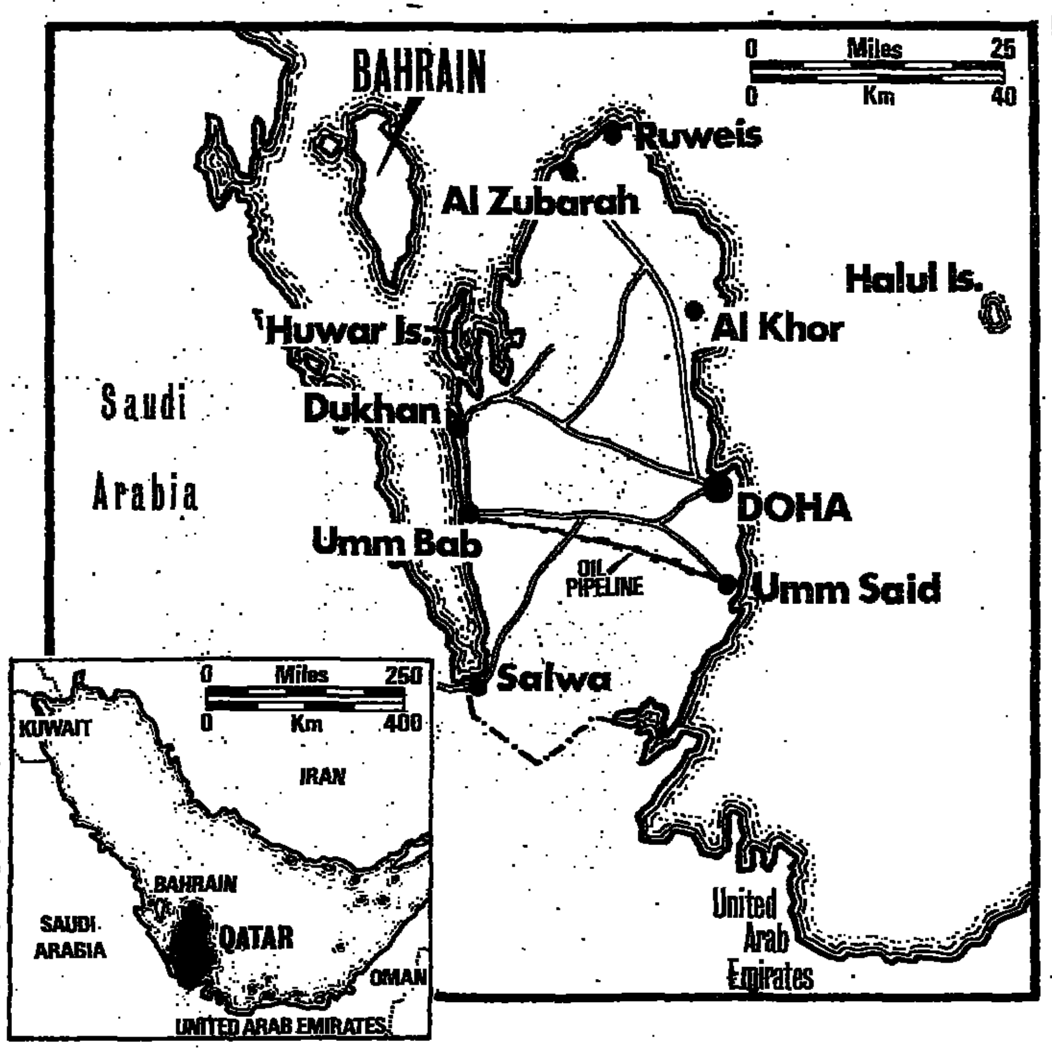
The benefits of oil wealth have been shared among the Qataris but it would be unusual if some members of the younger generation, particularly if they have been educated abroad, do not show some desire for rather wider responsibilities. Efforts are being made to introduce Qataris into the government machine at senior technical levels but it is not always easy to wean people away from traditional commerce, to find those of the right calibre, or indeed to weaken the grip which certain national groups exercise on particular Ministries.

Basking

Doha, basking in the warm winter sunshine, with its new roads, its new Sheraton Hotel appearing to rise pyramid-shaped from the sea, its new Ministries, university, schools, elegantly designed museum and its European-style hypermarket, through which nearly a quarter of the population passed during the first four days of the January sale, feels a million miles from the turmoil on the other side of the Gulf. But from Qatar's offshore oil loading terminal on Halul Island they say you can see the gas flares of Iran.

The Strait of Hormuz, off which sits an American fleet, is Qatar's economic lifeline to the world. And when Saudi Arabia experienced the trauma of the seige at the Great Mosque in Mecca the reverberations were said to have been felt in Doha. Qatar believes it is set fair. It just prays that its neighbours are too.

Sheikh Hamad bin Khalifa al-Thani (right) the Heir-Apparent, is Minister of Defence and Commander-in-Chief of the Armed Forces. He has been responsible for development of the forces since 1972. His younger brother, Sheikh Abdullah bin Khalifa al-Thani (left), is enjoying accelerated progress through the Ministry



Gulf stability the primary aim

FOREIGN POLICY

CIRCUMSTANCES do not permit Qatar to maintain an independent foreign policy. Small and relatively defenceless, it is surrounded by more powerful neighbours and is subject to the interplay of superpower rivalries in one of the world's most sensitive regions. It does not therefore attempt individual initiatives but rather finds a natural home in the mainstream of conservative Arab politics, which in Qatar's case means essentially Saudi Arabia.

The two countries work closely together and believe that their interests are largely identical. However, because Saudi Arabia is so much the focus of Western and Arab attention, it is publicly required both to offer leadership, and reaction to world events, that is not asked of Qatar. This serves to establish policy lines for Qatar which, regardless of consultation, it tends to accept with little debate.

Qatar's primary aim is to maintain stability in the Gulf region and it believes this can be best achieved through Arab and Islamic solidarity. It has therefore been deeply distressed by the divisions in the Arab world that have been widened by the effects of President Sadat's visit to Jerusalem and more recently by the course of Iran's revolution and the Gulf war.

Sheikh Khalifa bin Hamad al-Thani, the Emir of Qatar, was closer to President Sadat than most other Gulf rulers and he was saddened but obliged to support Egypt's expulsion from the League of Arab States. Initially, he was understood to have hoped that the Sadat initiative might provoke some more positive response from Israel and should not therefore be condemned out of hand. But as Israel offered so little to the Palestinians and the peace treaty with Egypt was not legally linked to progress on the occupied West Bank and Gaza Strip, the step from cautious private support to public condemnation was too easily taken.

Qatar's commitment to the Palestinian cause and the return to Moslem control of East Jerusalem should not be dismissed as political expediency. It is deeply felt and is central to Qatar's perception of its relationships to Western countries.

It is a sad reflection on the persuasive qualities of Western governments that top-level Qatari officials should express almost as much ignorance of Washington's intentions as they do of those of the Soviet Union. In Doha there has been a qualified welcome for what is known as the "European initiative" towards a comprehensive Middle East settlement, but deep suspicion remains about American motives. The defeat of Mr. Carter in November's presidential elections was greeted with some relief but this was tinged with anxiety over the military emphasis that President Reagan's policies seem to contain.

Apprehensive

Ideally, Qatar and the other Gulf states would like to see an end to intervention in any form by either Moscow or Washington in the region. They are particularly apprehensive about and deeply opposed to any attempt to build up a military presence in the area, which they think would probably be more provocative than defensive.

Worse still, they fear that any such policies pursued by Mr. Reagan, like those of Mr. Carter could be formulated without any consultation with the most interested parties. Qatar might rationalise Washington's forgetfulness on purely bi-lateral relations; it cannot accept that Saudi Arabia should be similarly treated, as was the case with the Camp David Middle East agreements.

This lack of communication has again been illustrated in the Western reaction to the Soviet invasion of Afghanistan. Qatar is also deeply apprehensive about Soviet intentions and the opportunities that might be offered to Moscow if anarchy develops in Iran.

However, the issue of Palestinian rights and the Israeli occupation of Arab lands is still far more important to the Government of Qatar and is seen also as being within the orbit of Washington's influence. Why, it is asked, should the United States ask our help on Afghanistan when at the same time it is wilfully denying our requests on the occupation of our own land?

Worse than that, the U.S. is perceived to be assisting Israel in its annexation policies and construction of ever more settlements in the West Bank and Gaza. It is difficult for Qatar to accept Washington's sincerity or offers of protection when it has failed either to protect the late Shah of Iran or to do any more than protest ineffectually at some Israeli actions which Washington admits do harm to its interests in the region.

Qatar's vulnerability to external events has been brought home more emphatically by the war between Iraq and Iran. Qatar was perhaps the first Arab country to call for an immediate cessation of hostilities and although its Arab sympathies would lie with Baghdad it would probably prefer neither combatant to win the sort of victory which would subsequently permit it to take on a dominant role in the Gulf.

Qatari ministers do not hide their dislike of the Iranian revolution and the disservice they feel it is doing to Islam. The role of the clergy should be confined to the mosques, they argue, and should not be allowed to spill over into government, of which they have no experience.

"What they are doing in Iran has absolutely nothing to do with the Koran," said one senior Qatari official. "They should return to the mosques and allow people to govern who know something about it."

There is parallel apprehension about the effects the war could have on Iraq and suspicions are voiced in Doha that the regime of President Saddam Hussein could have been unwittingly manipulated by the West.

Contracts

It is pointed out that when the war does end Iraq and Iran will have to pump more oil in order to pay for reconstruction and that both in terms of crude supplies and new contracts this will be of great benefit to the industrialised world. It might of course also have some impact on Qatar's own earning capacity.

But before that can happen there has to be an end to the fighting and in Doha it is admitted that the moment either regime feels more seriously threatened, there could be a temptation to widen the conflict. The early days of the war, when Iraq moved military aircraft to Oman in what appeared to be a preparation for an assault on the three Gulf islands seized by the late Shah, made a lasting impact on the Emir's main advisers. A situation under which Iran declared the closure of the Strait of Hormuz can still be envisaged.

Qatar also remembers Iran's threat to punish countries offering military support to Iraq and the attacks its aircraft made on the Kuwait-Iraq border posts. Although Qatar is scarcely in the front line, it is geographically all too close to the fighting and is host to about 40,000 Iranian workers.

Qatar's anxieties are worsened by its relative lack of information. Its foreign service is still in its infancy and is handicapped by a lack of qualified personnel—inevitable in such a tiny country. The Emir and his advisers have to rely perhaps excessively on second-hand opinions culled from Press and television and those relayed by other Arab countries, although there is no evidence that more comprehensive information would alter the main lines of policy.

The one area in which the Government can make some impact is through its generous disbursement of aid. Qatar has always vigorously supported programmes agreed at Arab summits, most recently the accords at the Baghdad meeting designed to help the frontline Arab states compensate for the withdrawal of Egypt from the struggle against Israel.

Although Qatar is normally reticent about its financial affairs, its regular payments, particularly to the Palestine Liberation Organisation, receive immediate and prominent publicity.

Yet for all its financial aid Qatar has been consistently frustrated in its most sought after objective—Arab unity. It sees its security, and indeed insecurity, as being closely tied to the degree of unanimity that can be achieved among the Arab countries. Political and diplomatic agreement, it is believed in Qatar, would allow the Arab world to resist superpower pressures effectively while also offering the best path to a comprehensive Middle East peace.

It is with bemusement that Qatari Ministers discuss the self-inflicted damage to the Arab cause resulting from current squabbles which were highlighted by the refusals to attend last year's Amman summit. Perhaps because Qatar shares the most strongly-held Arab aspirations but is not involved in any bi-lateral conflicts, it finds these arguments so incomprehensible and saddening.

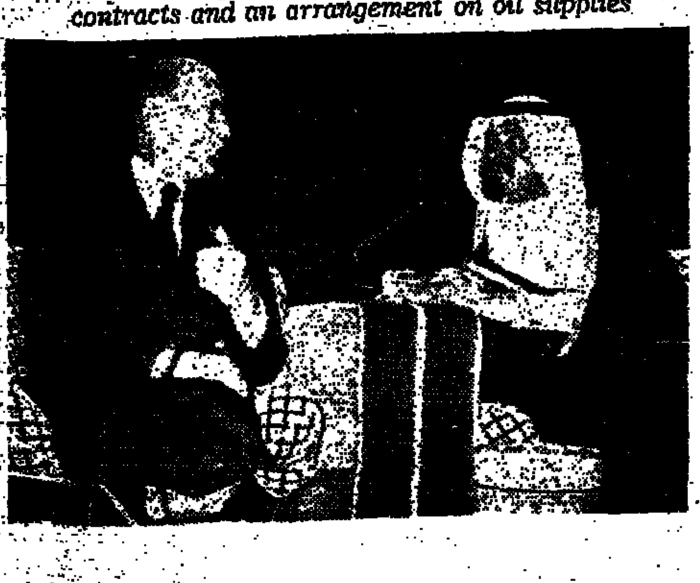
Qatar is fortunate in that it threatens no one physically or ideologically, has borders which are not in dispute, and enjoys neighbours with whom it is fundamentally in sympathy.

It is therefore enthusiastically backing suggestions for greater Gulf co-operation between Kuwait, Saudi Arabia, the United Arab Emirates, Bahrain and Oman. While modest in scale it would cover political, military, economic and cultural co-operation and would offer an example of what Qatar would like to achieve in the wider pan-Arab context.

Roger Matthews

BASIC STATISTICS

Area:	11,000 sq km
Population (1980 ect.):	280,000
Trade (1979):	
Exports	$4,011.7m
Imports	$1,471.9m
Exports to UK	£101.5m
Imports from UK	£40.5m
Current account surplus (1979)	$1,329.9m
Balance of payments surplus (1979)	$751.7m
Proven oil reserves:	3.8bn barrels
Oil production:	470,000 b/d
Inflation (1980 est.):	10%
Currency: Riyal	
£=QR8.50	
$=QR3.65	



Above: The Emir (right) maintains close relations with King Khaled of Saudi Arabia and the foreign policies and security interests of the two countries are almost identical. The Gulf leaders have also been appreciative of France's political role in the Middle East and President Giscard d'Estaing (below) was able last year to secure substantial military contracts and an arrangement on oil supplies

Planners meet challenge of ambitious projects

THE DEVELOPMENT of infrastructure for Qatar and its city, Doha, is still absorbing more than 60 per cent of the country's capital budget each year. This year that budget totals just over $2.4bn—up more than 20 per cent on last year's total—though it is difficult to assess just how much of these declared budgets is actually spent.

Nevertheless, the list of the government's intentions on development look impressive. As usual, more than 50 per cent of the infrastructure budget goes towards providing water and electricity, but the transport and communications allocation has been doubled to QR 802m ($219m), the Education Ministry is talking of building another 15 schools this year and 3,000 new homes are planned.

Despite these large expenditures it is perhaps the small *size of the country and Doha* city and the need to meet an increasing demand for water which presents the greatest challenge to its planners. "In such a small town, we only have the opportunity to do things once, and we have to do it right the first time," says Mr. *Hisham Kaddoumi*, the *Emir's* technical advisor.

The most visually impressive part of the development programme when it is finished will *be the West Bay scheme, being* constructed as an elite quarter of the city where senior government staff and the entire diplomatic corps will live. It sits close to Doha's centre, glittering in its newness, with its dramatic lines rising from the sea.

Mr. Kaddoumi brims over with enthusiasm for the project and littered around his office are piles of drawings, models, sketches and even furnishing samples. "Just checking that *the tone of everything inside* is first class too," he explains.

The scheme was initially the country's most controversial plan. Many people questioned why, with so much available desert, it should be built on reclaimed land. "We are building on virgin territory, setting new standards in both design and construction for the rest of the country," says Mr. Kaddoumi, pointing to the buildings and spacious boulevards on *his models.*

And to create this urban dream, planners have been brought in from the U.S., the avenue palm trees are being imported from Saudi Arabia, and architects from all over the world. Already, the West Bay blends gracefully into the town's *layout as a continuation of the* Corniche.

Handful

"But we are not building an instant city," Mr. Kaddoumi emphasises. "I do not care if we do not build anything more for another five years. It has got to be done right."

About 35 private companies have already applied for land in *the West Bay but only a handful* of applications have been approved. Some have been turned down on the grounds of *finance*, economic unsuitability or because of unsuitable architectural plans. Each successful applicant is given a plot of land for three months and has to prove the viability of their plans during that period.

Twenty-six companies are being asked to build their own embassies there, to designs approved by the Emir's office. Token rents of QR 10,000 a year are being charged for the magnificent sea views and the land, though government officials admit that some of the poorer Arab States have had to be given soft loans in order to pay *for their building.* Lots were drawn for land allocations.

Qatari civil servants with foreign degrees are being lent up to QR 500,000 at low interest rates to build their own villas according to 18 approved designs. Some 5,000 such homes are envisaged in the first stage *of the scheme. Eventually,* about 60,000 people will live in West Bay area, says Mr. Kaddoumi.

INFRASTRUCTURE

Showpiece of the bay will be the Sheraton Hotel and confer*ence centre, designed to hold* 1,000 people. The prospect of another five-star hotel in Doha is causing anxiety among current hoteliers, some of whom are already experiencing low occupancy rates. The same could also be said for villa and apartment owners, for inevit*ably there will be an eventual* shift from the present housing in the city centre.

These new property develop*ments ought to* make Qatari landowners more flexible on rent levels. At the moment many prefer their buildings to remain empty rather than accept lower rents.

In addition to this construction activity, the government is also pressing ahead on the build*ing of a number of Ministries.* A new post office is planned in the West Bay area, as are new buildings for the Ministries of Economy, Education, Health, and Communications. Each will have its own underground parking and will be interspaced with open boulevards and public gardens.

Private sector developments on the drawing boards include an eight-building shopping and *apartment-office complex* linked by air-conditioned pathways. A recreation centre is also being considered, and all the quasi-government companies such as the three insurance institutions are to be located there. Prestige organisations such as the Gulf Organisation for Industrial Co-operation and the Qatar General Petroleum Corporation will also have their headquarters in the West Bay.

The provision of electricity and water for the whole of the state continues to absorb more than half of the infrastructure budgets. Qatar is spending *QR 1.3bn this year to* keep pace with an electricity demand which grows by 27 per cent annually. This is to keep up not only with the growth of the population, but also with industry, for already this sector accounts for one-fifth of total demand even during the peak summer season.

Present installed capacity is 828 MW, though demand is expected to exceed that within another two years. Tenders are out for *four 70 MW generators* to add another 280 MW capacity and this will be sufficient until the giant new power station at Ras Laffan is ready — by 1985.

Ras Laffan, a steam turbine power station, is to be designed to have an eventual capacity of 1500MW, though in its initial stages it will generate about 600MW. It will be fuelled by natural gas from the North West Dome gas field and, in a way, the need for this power station has promoted the decision to go ahead on the massive gas field development, for present industrial and power requirements have all but used Qatar's associated gas and continue to overburden its unassociated gas reserves.

Bidders

Fifteen consultants have been invited to tender for the project, four are from *Britain* including Ewbank & Partners and Kennedy & Donkin, but strong competition is coming from the French in the form of Sofrelec, and Electricity de France. Other bidders include Electrowatt of Switzerland, and a number of companies from the U.S., Canada and West Germany.

The Ras Laffan power station will also contain a 100m gallons a day desalination plant, which *will more than* quadruple the country's existing water supply. Present design capacity is about 43m gallons a day but reliable supply is estimated at around 37m. Of this the new Ras Abu Fontas station provides the bulk and in the immediate future it is this station which will cater for the growth in demand, estimated to be about 18 per cent a year.

Four units each of 4m gallons a day *are to be installed*, and 11 bids have been received from Japan, Italy, Spain, Britain and France. The decision on the bids is expected shortly.

To keep pace with the increasing demand for water as Doha expands is a major headache for the planners. New buildings *sometimes appear without* any formal notification to the authorities. However, 15 to 20 per cent of all housing is still being supplied with water by tanker.

Outside the city, a number of the desert villages are also being supplied by tanker, as water department engineers believe that to connect the whole country to the city's water mains would be un*economic. They are also aware* that some Bedouin benefit financially from transporting the water to the villages and for the government it represents a kind of salary to the desert dwellers.

In the past year the government has had to take action to protect the natural sweet ground water which was being overused by the farmers. Drilling equipment for random private wells was withdrawn by government order.

Expansion of Qatar's agriculture is one of the Emir's particular projects and consideration is now being given to using desalinated water for farming. As this would prove an extremely expensive, alternative method of producing it, such as reverse osmosis and even solar energy, are being looked at as a means of bringing down the cost.

Opportunities

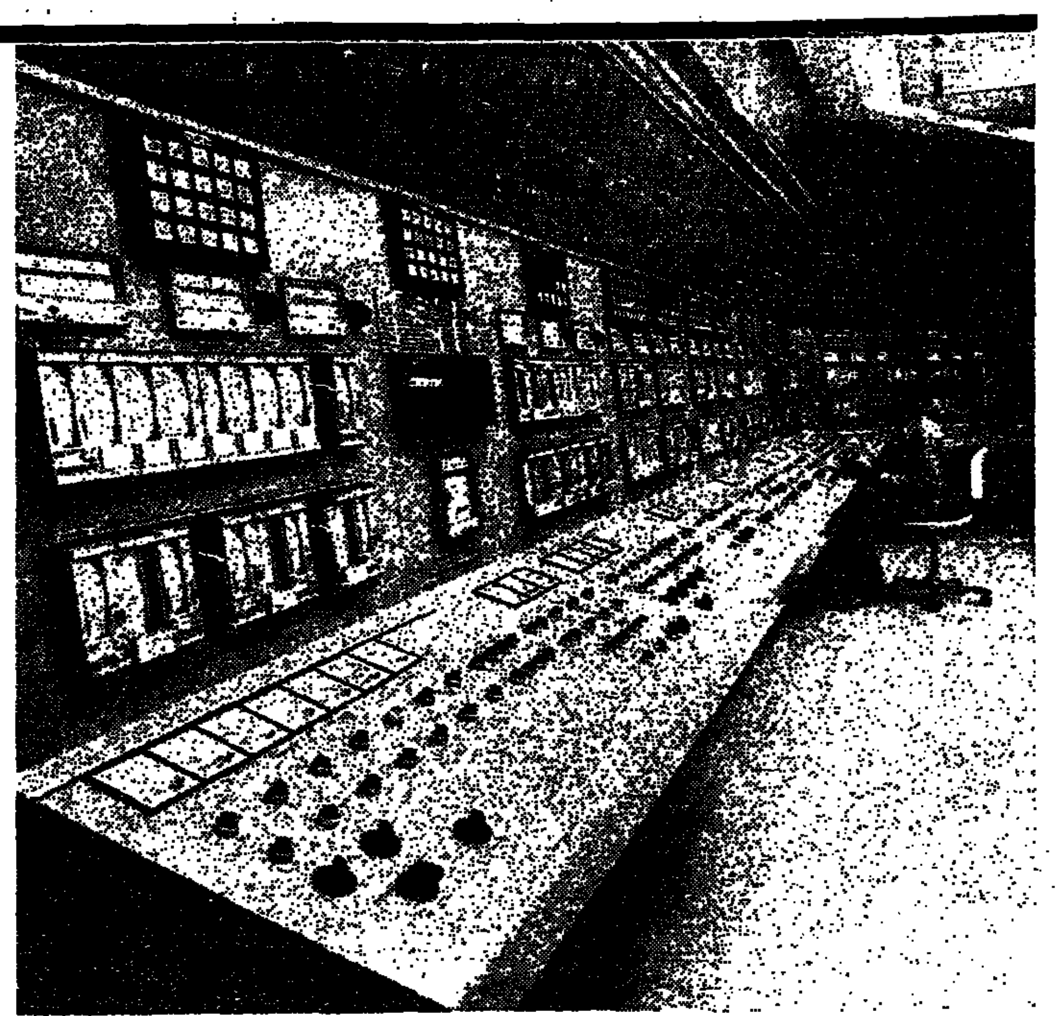
All these plans and projects present considerable opportunities for international consultants and contractors. In its dealings with foreign companies, Qatar *has two main types of contract.* The first is the more traditional form which offers an advance payment to the contractor, usually worth 15 per cent of the total value. For the other, the government merely pays as work progresses, which would necessitate on the contractor's side some cheap kind of financing, and so foreign government *credit facilities* can play a large part in securing work in Doha.

Mr. Kaddoumi says that the form of contract offered depends largely on the project. "Some projects need a lot of equipment up front and on those we would usually make an advance payment. On others, the labour content is higher. In general, we are not against advance payments," he adds. "But it is understandable that any government will try to resist making them. It is in their nature to try to avoid it."

In practice, often what happens is that a potential government contractor will bid on the second formula in an effort to offer lower prices. "It usually ends up like a camel trade haggle at the end of the day," one consultant commented.

Qatar's tendency has always been towards the cheapest bidder, but as Mr. Kaddoumi points out this does not necessarily mean the worst. "The *whole process hinges on the* prequalification process—if you prequalify properly and specify correctly, then you can get the quality you want at the price you want. And that's what we're after."

Kathleen Evans



The control room inside Ras Abu Fontas power and water station. Provision of electricity and water takes more than half of the infrastructure budget to keep up with increasing demand and the new Ras Laffan power station will also contain a desalination plant

Profits increase despite outflow of funds

ANY consideration of the banking sector in Qatar can only be viewed against the backdrop of the Government's policies of restraint over its expenditure. After the rampant inflation caused by the Gulf-style development boom from 1973-76, the Qatar Government called a halt *to land dealings and speculation*, delayed contractors' payments, and put a brake on spending.

Such action had its victims and a number of companies were wound up; the country's imports showed a slight drop overall in 1978, rose again in 1979, but are expected to have dipped once more in 1980. The effects of those policies still linger in the economy today despite the hefty increases in *the development budgets which* followed the IMF's advice to reflate.

The Government has done well in its objectives, for Qatar's inflation rates are among the lowest in the Gulf. Local companies, particularly the larger, better-managed organisations, continue to do well and, although not spectacular, their growth is slow and steady and no one is really grumbling. However, the past year has seen a surge in interest rates internationally and this has had a powerful and deadening effect on local liquidity.

Qatar is a Wahhabi state, and therefore believes that the Koran's statutes on interest should be followed strictly regardless of economic events *outside its borders. The local* rates of interest were set in the early 1960s when there was little difference between the domestic and international rates. Today, however, the differential has been more than 10 per cent. Not surprisingly, a number of local depositors have shifted their *funds.*

These longstanding local interest rates established deposit rates at not more *than 7.5 per cent and borrow*ing rates to be not more than 9.5 per cent. These rates were established informally by a loose agreement between the banks, but last year this function was formally taken over by the Qatar Monetary Agency and, in theory, the Qatar Banks' Asso*ciation ceased to exist.* While it was only a natural measure formalising the rate structure, the net result is that the Qatar banks were left without a united platform for regular meetings with the central monetary authorities to discuss problems. This has been a significant factor *over the last year as the banks* have passed through a tight situation.

Agreement

Qatar has had tight liquidity for some years now, but soaring international interest rates at *the beginning* of last year and again on the start of this year, have come at a time of great uncertainty in the Gulf region as a whole. The effect has been an exodus of funds. Some riyal deposits have merely changed hands locally, while others have been siphoned off to the nearby Emirates *where rates are more* in line with those internationally, and still more has probably gone to Bahrain OBU's or to London or New York accounts.

Just how much has gone is difficult to tell from available statistics, but on several occasions last year the advances in Qatar outweighed deposits. Most bankers agree that in the last six weeks a lot more has left the system in chasing the high dollar rates, and many believe that most of *these funds* will remain outside. "Very little of it does the round trip when international rates come down," commented one banker.

Some of the foreign bankers take a contrary view that Government delays in payments have had a more critical effect on liquidity than the drain caused by foreign interest rates. "*Whatever funds have gone out*side have gone to pay for imports. The trouble is that there have been delays in payments here to pay for them." These delays can be caused by such simple things as the Emir being out of the country (he signs all cheques over a certain amount), or a breakdown in a government computer. However, the added tightness in the market has in general made everyone *tardy in paying their bills* and companies have had to wait for their money.

BANKING

The Qatar Monetary Agency statistics show part of the picture. At the end of 1979, total bank credit to the private sector stood at QR 3.2bn. By May last year this had crept up to QR 3.68bn but at the same time local currency deposits were only QR *3.64bn*. In November, the situation still hovered uncomfortably. Advances were QR 3.76bn while deposits were QR 3.87bn. Bankers are now expecting the December figures to show that once again the ratio of advances to deposits has topped the 100 mark.

During the same period, the amounts recorded as being due from banks abroad went up from QR 343m to QR 1.1bn. In 1975 *during the boom the money* supply was growing by as much as 78 per cent a year but by the end of 1979 this had slowed to 21 per cent and even lower on some months. Statitsics show that in the 12 months preceding June 1979, money supply actually declined by 24 per cent, largely reflecting the substantial outflow of funds from Qatar.

The state of bank ratios is further masked by the dominance of the Qatar National Bank, which absorbs around 50 per cent of all banking business in the state. Owing to the Government's heavy demands, this semi-state bank *has to remain* highly liquid. Partially owned by the Government and prominent Qataris, the bank looks after most of the Government *accounts, though some historic*ally remain with a number of old-established foreign banks, but as the holder of Government funds, the QNB has become the sole source of riyal liquidity.

However, the drift of funds outside has become so substantial that the interbank market has virtually dried up. The National Bank is also known to quote rates which closely follow those outside—anything from 14 to 17 per cent—and on *occasions*, depending on its own liquidity prevailing at the time, has also in the past refused to quote overnight rate. Such interbank rates make little little sense when lending a re*stricted to 9.5 per cent.*

Officials at the QNB take the view that the reason local liquidity has dried up is mainly due to unwise and over-extensive lendings by other local and foreign banks. One QNB official commented: "The banks have expanded too much, and why should the National Bank always be obliged to help them? Besides they get a lot of interest-free deposits. Local *bankers say the number of* interest-free deposits from the more traditional, and religiously minded, customers tends to be over estimated. The banks were also accused of taking advantage of the cheap money available in Qatar.

The response of other com*mercial banks in Qatar is that it* is not merely a question of good or bad lending. "You cannot cut off a first-class customer once you have lent him money." However, for a number of banks, the effect has been more telling. "Any sizeable increase in our loan portfolio *would* at this moment be imprudent," said one foreign banker. Another added that with the static or even decreasing level of deposits, progressive banking in Qatar had become difficult and, one banker warned, the risks get greater as the situation continues.

Expertise

The Qatar Monetary Agency *is, in the middle of this.* Established in 1973 it is still a young institution intent on building up its expertise, particularly amongst its Qatari trainees. Unfortunately, as a young institution, it lacks the background to deal with this critical situation, and is overshadowed in some respects by the activities of the Qatar National Bank.

The Qatar Monetary Agency not only lacks the riyal funds with which to direct the *economy, but also the strong* leadership to impress its views on the Government. Last year, when interest rates first soared, the agency made a study on the matter for the Finance Ministry, the only outcome of which after a 50-day wait was a decision to make another study.

Officials at the Qatar Monetary Agency concede that the situation is not healthy and cannot be maintained if external interest rates continue to *remain high. At the moment* the agency is unable to control or even monitor just how much is flowing out because they do not hold the bulk of Government funds, but they believe that the situation is not as bad as the banks make it out to be. "They have a cheap source of funds in Qatar—around 4.5 per cent if you take into account the amount of interest-free deposits they receive," said one official. Furthermore, all bank profits were increasing. Indeed Qatar's *latest entrant to the community,* The Doha Bank, opened in 1979, recorded a QR 13.8m profit in its first full year of operation, and its balance sheet more than trebled to QR 963m.

One of the policies exercised by the agency to attempt to stop the outflow in the past was small periodic revaluations, but now it is realised that although this may deter a minute amount of the outflow, they do not provide the answer to the problem as the rates differential is so high.

The pressure by banks to increase local interest rates is met with religious and financial arguments. The local Qatari merchants have got used to cheap capital, and any substantial rise in rates would be extremely "rough on the entrepreneurs," agree the local bankers. What has been suggested both publicly and privately by the local bankers is the introduction of swap facilities, but although this matter has already been studied by the agency, no decision has been *forthcoming from the Finance* Ministry. Neither has the Qatar Banks Association met with the agency to express their views again on the urgency of the matter.

Some local traders in the town are speculating that the Government has failed to act on this situation merely because it has always wanted to see a restrained economy in Doha, and that tight liquidity was a way of "punishing the banks for shifting their funds outside." But as the bankers continue to point out: "You cannot *stop human nature*, and neither can you tell a merchant or a sheikh where to put his money."

Kathleen Evans

QATAR V

Open hand with funds and facilities

Pupil in a Qatar school. *Teaching remains one of the few socially acceptable avenues of work for women and there are suggestions that women may be employed in boys' schools in the future*

EDUCATION

AT THE END of the normal school day the schoolrooms in Qatar come alive again with more pupils. This is when the daily adult literacy programmes start and here people who missed the start of education in Qatar can catch up.

Recently one old gentleman almost in his seventies became the latest student to receive his preparatory certificate. He was just one of 7,550 people who take the afternoon reading and writing classes.

For the generation bred on oil wealth, Qatar's educational system can open any door of opportunity; the Government provides not only free State education but pays for books and transport and even pays salaries to its university students. Some QR 679m ($185m) is being pumped into the system this year alone.

The peak of Qatar's State education system is the University of Qatar, founded in 1977, which in two years' time will move into its own purpose-built accommodation 29 km from the capital. The academic staff now numbers about 200 and there are about 100 Qatari demonstrators assisting in lectures. Some 70 per cent of the university's professors are from Egypt, with the remainder from Sudan, Iraq, and other Arab countries.

Women

The university already has 2,700 students, two-thirds of them women. For the men there is the possibility of study in a foreign university though government policy now dictates that any student wishing to study a subject already offered at the University of Qatar must do so there. Women students are not sponsored for undergraduate study at overseas universities, but they can secure government scholarships for post-graduate studies with their parents' consent.

At present the university is not offering MA degrees and it will not do so until the right academic standard, and one internationally recognised, has been reached. "We want to build up our standards, our tradition and extend our library before we do that," said one senior official. "We also want to establish some kind of screening system for our BAs because not everyone is suitable for graduate work."

One of the most ambitious plans for the university library is the installation of its computer, which is to be linked to a databank based in the U.S. which is owned by the Lockheed company. This computer network will give access to all the books and periodicals currently available on the subjects in which the university will specialise. In Qatar the computer will be operated through TV monitor screens linked by telephone line to the U.S.

The university already has four established faculties—education, science, Islamic studies and the humanities, but the current academic year saw the opening of its fifth—in engineering. The administration is also planning to supplement the staff with a steady programme of visits by foreign professors and other people of note so that the students can "be exposed to big minds."

To supplement this cultural programme, paid holiday visits to foreign countries are being offered by the Government to male students. Women students are presumed to travel each year with their parents anyway, the officials say. Summer courses are also available to male students and their results are included in the points system.

There are already more than 1,300 Qataris studying abroad, of whom 186 are women. More than 60 per cent of the total are in American universities studying mainly in technical and petroleum fields. Some efforts are being made to direct the students to higher standard universities in the U.S., and now government scholarships are allowed only for state or district universities.

"Some of our students were going to the smaller, easier universities, and we found it difficult to evaluate their degrees," an Education Ministry official said.

Only a handful are studying in Britain, mainly because Qatari students usually need at least two years of preliminary study before being accepted. However, Dublin is offering a one-year specialised course designed as a first step into a university, and as an education official pointed out, it also offered a mosque and other religious facilities, for its Arab students.

Favoured

The Qatar Government is trying to stem the flow to Western universities, and for all studies in literary subjects, politics, law and languages, Arab universities are favoured. When the Gulf University projected for Bahrain opens, this outflow of students from the Gulf will be cut substantially as the Bahrain institution, funded by the Gulf Goverments, intends to offer faculties in medicine, science and education up to doctorate level.

When University of Qatar moves into its new accommodation, it too will open more faculties, one in administration and economics and a second in information and mass communications studies.

The university has considerably assisted the country's own school system by training Qatari teachers. Although most of them are still concentrated in the lower levels of teaching this will change gradually as more graduates are provided by the university.

About 43 per cent of all teachers in the primary levels are Qatari, but in the preparatory and secondary stages the ratio declines to 21 per cent and 11 per cent respectively. This is due largely to the other attractions and inducements offered by other Ministries to Qatari male graduates, despite the starting salary in teaching of QR 5,300 ($1,496) a month.

In the boys' schools, less than 10 per cent of all teachers are Qatari, but in the girls' schools, more than 50 per cent of all staff are Qatari. This is because for the girls one of the few socially acceptable avenues of work remains teaching. Indeed, it is thought there will soon be an excess of women teachers in Qatar and there are already suggestions that women teachers may be employed in the boys' schools.

Girl students at the university say that any job in any Ministry is theoretically open to graduates, but Qatari girl employees in government Ministries or commercial offices are still an extremely rare sight.

Kathleen Evans

PROFILE

Ruler with a light touch on the reins

Sheikh Khalifa bin Hamad al-Thani, Emir of Qatar: takes a personal interest in his extensive family

SHEIKH KHALIFA bin Hamad al-Thani, the Emir of Qatar, at 47 is not too young to have known relative poverty and concern about the appearance of the next full meal. Qatar's suffering during World War Two made a deep impression on him as a young man and one that has not entirely deserted him now that he heads a country with perhaps the highest per capita income in the world.

This concern is reflected in the caution with which he has overseen the development of the oil industry and, more recently, the utilisation of massively increased government revenues.

All major decisions are taken by the Emir and he maintains a control over Government expenditure which would evoke the admiration of Mrs. Margaret Thatcher. At the same time he has managed to secure a distribution of income among Qataris which is more in line with Socialist thinking.

The key to the political stability of Qatar, despite the lack of a Western-style consultative process, probably lies in the extent to which Qataris have benefited from the oil prices bonanza. The Emir takes a personal interest in the wellbeing of his extensive al-Thani family but is said not to neglect the other prominent Qatari families and has been generous by Middle Eastern standards with those who have opposed him.

His life-style is modest compared with that of some other Qataris, and there is little evidence of the self-indulgence which has marked the rule of other Gulf leaders. Perhaps because of the lack of suitably-qualified nationals, he is forced to assume responsibility for a range of minor issues and as a result is known to work exceedingly long hours. He has a very limited circle of close advisers from whom he often prefers to have oral rather than written advice.

Those who see the Emir regularly describe him as a devout Moslem who deplores the excesses of the fundamentalist upsurge in Iran. He has given assistance generously to developing countries, mainly Moslem, and is said to feel deeply about the return of East Jerusalem to Arab control. Although alcohol cannot be bought openly in Qatar, even in the hotels, non-Moslem expatriate residents are permitted a monthly allowance to be consumed in their own homes.

Such official pragmatism has made it easier for Qatar to attract and keep its substantial foreign population, who tend to describe life under the Emir's rule as profitable, rather dull but essentially secure. Few of them have seen the Emir but they enjoy recounting stories of his unannounced arrival at the wheel of a five-year-old Mercedes to investigate progress on the new Sheraton Hotel.

With three sons already in key positions, the Emir has prepared for his eventual departure. The eldest son, Sheikh Hamad bin Khalifa al-Thani, is Heir Apparent, Minister of Defence and Commander-in-Chief of the Armed Forces; the second son, Sheikh Abdul Aziz bin Khalifa al-Thani, is Minister of Finance and Petroleum; while the third son, Sheikh Abdullah bin Khalifa al-Thani, following a course at Sandhurst, is enjoying accelerated progress through the Defence establishment.

Sheikh Abdullah is understood to have particularly impressed those who have met him, although the patriarchal family system in Qatar does not always allow for the fullest expression of youthful talent.

If frustrations do develop among the younger Qataris, who have been more exposed to Western influence than their fathers, there are purported channels through which these can be expressed. The Emir holds a regular "majliis" at which any Qatari theoretically can come and put forward his grievance or opinion, and every Friday the Head of State presides over an al-Thani gathering.

Although sceptics doubt whether this form of Qatari democracy has much practical relevance, there is little doubt that the Emir remains both in touch with the majority of his subjects and firmly in control of the reins of power.

Roger Matthews

Cautious strategy for managing huge reserves

IF THERE is one series of decisions that the government of Qatar has to get right over the next few years it is those for development of the North West Dome gas field, on which rests the state's future viability. The field has been known about since the early 1970s but only recently has its true importance come to be seen.

While oil contributed 90 per cent of government revenues gas prices remained significantly below those for crude oil there was no urgency to develop the North West Dome. But with world demand for gas now rising and Qatar's own domestic energy requirements increasing by about 25 per cent a year against a backdrop of depleting oil reserves, the hard decisions cannot be delayed much longer.

By any standards the North West Dome has massive reserves which have been estimated at anything between 75 trillion (million million) cubic feet and 300 trillion cubic feet. Depending on the figure you choose it could be said that Qatar is sitting on one-eighth of the world's known gas reserves, or 50 per cent more gas than is available in the United States including Alaska.

Situated off the north east coast of Qatar, the field was found in 1972 in the north west section of Shell's old concession area. So far only seven wells have been drilled on the structure and this reveals how little is still known about its characteristics. Mr. Ali Jaidah, managing director of the Qatar General Petroleum Corporation, emphasises that more drilling will have to be done before a more accurate assessment of the field can be made. Even then it will take a fairly lengthy period of production before the behaviour and therefore the precise amount of recoverable reserves are fully understood.

Mr. Jaidah is being extremely cautious about the strategy Qatar is likely to adopt. He stresses that the results of a study conducted by Shell were being digested along with a series of proposals which had recently been submitted by several major international companies. These were being looked at in conjunction with Qatar's assessment of its own revenue and energy requirements and the possible trends in world markets.

"We are identifying basic policies and concepts and talking about joint operations and management," Mr. Jaidah said. "Our target is initially to deliver gas onshore for domestic consumption and then perhaps we will begin to export a year or two later."

Foreign participation is being invited, probably in the range of 20 to 30 per cent stakes in particular aspects of the development.

Officials stress that there are five main areas of development which have to be considered. First, actual production from the North West Dome — that is the drilling of new wells, the siting of gathering stations and the pipelines which will bring the gas ashore. Second, the onshore pipelines which will carry the gas to local consumers and industries.

Third, the construction of a liquid natural gas plant for export. And fourth, the construction of harbour facilities for the LNG carriers, and finally the vessels themselves — how many there should be and whether they would be owned or chartered by Qatar.

Although it is feasible to begin production solely for the local market, officials believe that the initial development decisions must also be taken with reference to Qatar's overall objectives and particularly because of the substantial costs involved. Depending on the extent and pace of development, an investment cost of at least $4bn has been mentioned by Mr. Jaidah, while others have mentioned figures closer to $20bn.

GAS

The proposals which have been put forward by interested companies will also be studied in the light of their known expertise in gas field development, the availability and terms of financing and the most likely destinations for Qatar's gas exports. In other words, the major customers are expected to be among those most closely involved with the development, processing and transport of the gas.

On this basis it can be assumed that Japan will become heavily involved in the development of the North West Dome. Of the three main possible markets, both the U.S. and Western Europe would seem to lag behind Japan in terms of ease of transport and energy requirements. Some reports suggest that Japan already has expressed its willingness to take all Qatar's gas exports.

The U.S. is believed by the Qataris almost to have ruled itself out as a market, while there are some difficulties in transporting the gas to Europe because of Egypt's probable unwillingness to have LNG carriers regularly using the Suez Canal.

But because Japan seems the most likely customer, it by no means follows that it will win the bulk of the North West Dome development work. Qatar has shown in the past that it does not like to become too dependent on a single supplier or purchaser. It has been careful to spread its crude contracts around, not least because of the opportunities this provides for maximising prices.

Equally, it is almost certain to ensure that several countries are involved in the gas development work. As Mr. Ali Jaidah put it: "We are looking to each company that is interested to tell us what they can do best."

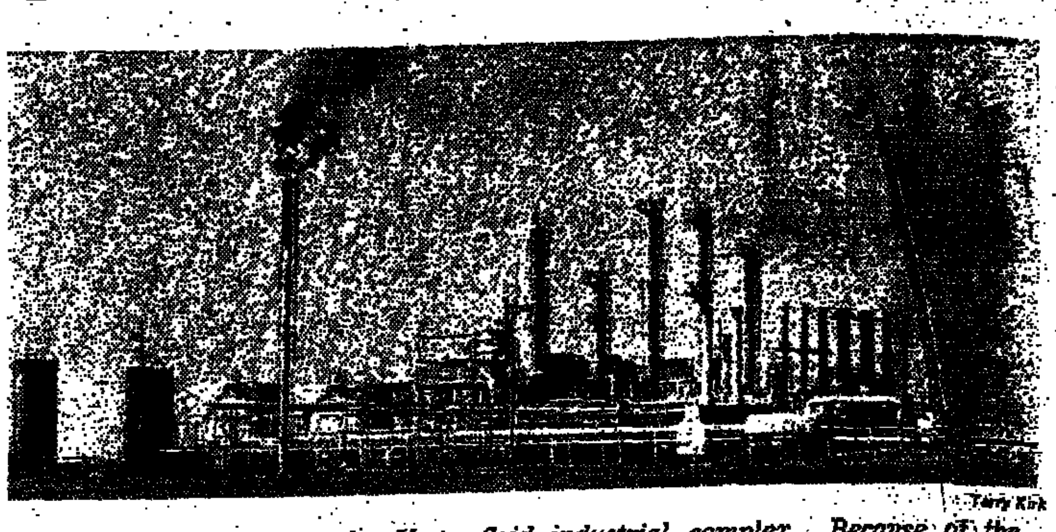
However, while probably ruling out the U.S. as a large purchaser of gas "because they will not be willing to pay our prices." Mr. Jaidah admits being impressed by America's design achievements, just as he has been impressed by Japanese construction methods.

The issue of price is one that is greatly occupying Mr. Jaidah and also points to close Japanese involvement. He admits that there is little point in approaching markets until Qatar has formulated proposals and to this end Mr. Jaidah would like to arrive at some scheme which cuts through what he describes as the present "irrationality" of gas pricing.

Efforts

Undoubtedly he is watching current Algerian efforts to achieve prices for its gas exports that are at least equivalent to the thermal values of crude oil. However, because of the substantial capital expenditure involved for both producers and purchasers in plant and transport, there inevitably is little room for a spot market and a far greater tendency to aim for much longer-term contracts. Equally, no one producer or purchaser is likely to find the same applicable costs in all markets, another factor arguing against the establishment of a more universally accepted gas price.

Thus with such clear differences already between, for example, the American and Japanese markets, it makes much more sense for Qatar to make its decisions early on. As Japan is almost totally reliant on imported energy and is already paying much more for its gas than either the U.S. or much of Western Europe, there should be little doubt with whom Qatar will be bargaining.



Terry Kirk

The petrol refinery at the Umm Said industrial complex. Because of the associated gas which is pumped to Umm Said, there is pressure to maintain oil production levels until the North West Dome's gas reserves are tapped

But Qatar also has to decide on timing. Although the next five years will see a decline in the volume of its oil exports, the anticipated further increases in prices should ensure a healthy cash flow at least sufficient to maintain its current development programme. Domestic energy requirements rather than revenue is the issue that will prove decisive and everything points to North West Dome gas supplies coming ashore in about four years and exports beginning a year or two after that and certainly well before the end of the decade.

Weight is added to this argument by Qatar's desire to conserve its onshore Khuff unassociated gas, which is having to be used to meet current requirements, and by the drop in the output of associated gas once oil production declines.

Qatar has been made more sharply aware of the necessity for maintaining a gas reserve on shore by the difficulties it has run into during the past 15 months in bringing associated gas from its offshore oilfields to Um Said. The gas was first pumped in December 1979 but since then has scarcely maintained a continuous month's production. Both the offshore and onshore pipelines developed serious difficulties even before they came into operation with corrosion believed to be the main problem.

Shortfall

There are hopes that the problems are about to be overcome but meanwhile the offshore associated gas is being flared, with the consequent loss of revenue to the country. As the associated gas from the onshore Dukhan oil field is already being fully utilised, the resultant shortfall has had to be made up by Khuff gas to the extent of about 85m cubic feet a day on top of normal supplies.

At the moment this is not a serious problem but because of the heavily increasing domestic demand, essentially from domestic users but also from industry, there seems little alternative to further depletion of the Khuff reserves unless the North West Dome is brought on stream.

If this does not happen then it is arguable that Qatar's domestic development plans will suffer and it is certain that by the mid-1990s production of Khuff gas will begin to decline, leaving the country with a much reduced margin of safety if ever anything untoward occurred to the North West Dome.

The disaster in 1977 when a propane tank split down the middle at the NGL-1 plant at Umm Said is an ever-present reminder of the highly-volatile nature of the liquids that are being handled. Although the plant has recently been brought back on stream, studies to establish what caused the blast continue.

Qatar's industrial planners are also anxious to know the timetable envisaged by QGPC for the development of the North West Dome because on that rests their own plans for expanding existing plants and the possible introduction of new industries such as the mooted aluminium smelter. According to Qatar's development philosophy, industry is as important as hydrocarbons. "While oil and gas are the source of revenue, it is industry which is the source of social development," one senior official said.

Roger Matthews

Targets guarantee increase in revenue

QATAR'S OILFIELDS are now into middle age and to preserve their life and take full advantage of new developments in advanced recovery techniques it is important for the country to reduce production levels. However, the outbreak of the Gulf war last September with the resulting loss of about 4m barrels of oil per day in exports to the industrialised world has caused Qatar at least temporarily to postpone any action.

Mr. Ali Jaidah, managing director of the Qatar General Petroleum Corporation (QGPC), explained recently that although it had not been possible for Qatar to increase production for technical reasons, it had wanted to preserve its image as one of the OPEC moderates in what still could become an increasingly tight situation in world oil markets.

The partial resumption of exports from Iran and Iraq have so far made little impact on Qatar's assessment of the world supply position and Mr. Jaidah indicated that Qatar will keep pumping at its present levels for the first six months of 1981 and quite possibly until the end of the year. This would mean total output of about 470,000 barrels a day, of which all except 7,000 b/d, needed for the local refinery, is for export.

It is recognised, of course, that this relatively small total production is of little significance in terms of world demand, but Qatar is anxious that its actions should not be misinterpreted. Therefore, even if it is considered imperative to trim production in 1982, there is likely to be only a gradual decline in extraction, perhaps initially to an annual average level of about 400,000 b/d.

By maintaining its targets for this year Qatar is ensuring itself a substantial increase in revenue. On January 1, Qatar, together with Kuwait and Iraq, raised its crude price for export by $4 a barrel, bringing it to the ceiling of $36 a barrel agreed on at the Bali OPEC conference the previous month. In fact, the official price per barrel for Qatar's 40 API crude from the onshore Dukhan field rose to $37.42.

QATAR OIL PRICE MOVEMENTS ($)

	1978 Dec.	1979 Feb. 15	1979 Apr. 1	1979 May 17	1979 July 1	1979 Nov. 1	1980 Jan. 1	1980 May 1	1980 July 1	1981 Jan. 1
Dukhan (40 API)	13.19	15.05	17.04	17.84	21.42	27.42	29.42	31.42	33.42	37.42
Marine (36 API)	13.00	14.71	16.85	17.65	21.23	27.23	29.23	31.23	33.23	37.23

Source: Middle East Economic Survey.

Premium

On top of this, Qatar, in common with some other Gulf producers, has been charging a premium to new customers and for incremental sales to existing purchasers. According to some reports, Qatar was able to charge a premium of $6.50 to Japanese customers last year, bringing its price on these supplies to well over $40 a barrel, which at times has been in excess of prices on the spot markets.

This has been part of a wider Gulf trend towards agreeing shorter-term contracts with the international oil companies. Qatar's contract with the six Japanese companies last year was understood to have been for only 12 months and to have involved sales of 125,000 b/d.

Most of the country's oil, however, is still sold to companies that have long-standing links, such as British Petroleum, Mobil, Exxon, Compagnie Française des Petroles, Royal Dutch Shell and Ente Nazionale Idrocarburi of Italy. But as the Japanese contract has shown, Qatar is slowly moving away from its more traditional markets and with Britain no longer a significant purchaser there is increasing room for bids from developing countries.

The most important qualification to this trend is probably the arms sales agreement initiated by President Giscard d'Estaing of France during his visit to Qatar, which is thought certain to contain an assurance on future oil supplies to French companies.

OIL

Qatar's average daily production last year was divided almost equally between the offshore and onshore fields. But marketing its crude is far less of a problem to Qatar than deciding its future extraction policy, which is complicated by a number of factors.

The three offshore fields of Idd al-Sharqi, Maidan Mahzam and Bul Hanaim are said to have one of the highest extraction rates of any offshore operation in the Middle East. On average last year they produced respectively 15,887 b/d, 72,461 b/d and 152,300 b/d for a total of 240,648 b/d. The fields were discovered between 1961 and 1969 and are linked by pipeline to Halul Island.

It is estimated that unless conservation measures are taken output will taper off over the next five to 10 years, but because of the associated gas production, which is piped to the Umm Said industrial complex, there is some pressure to maintain production levels until the vast gas reserves of the North West Dome are tapped for domestic use.

"Less oil from us means less gas for Umm Said and given the rate that demand for power is increasing in Qatar it means we might have to maintain current offshore output for longer than we would want technically," an oil executive said.

The war between Iraq and Iran has also brought home to Qatar the vulnerability of offshore fields, particularly the bombing of those two countries' loading terminals at Kharg Island and al-Fao. While Qatar does not feel at all immediately threatened it is aware that for both security and technical reasons—quite apart from economic considerations — it makes good sense to conserve its onshore fields.

All of Qatar's onshore production is concentrated in the Dukhan field which was discovered in 1939 on the western edge of the peninsula. It has three main areas — Khatiyah, Fahahil and Jaliha — on which there are about 170 wells, about 70 producing oil and 11 producing gas. The remainder are used for water and pressure control.

After reaching a peak of 251,000 b/d in 1973, output from Dukhan has been allowed to decline slightly, totalling 230,600 b/d in 1979 and 230,777 b/d last year. Of this between 7,000 b/d and 8,000 b/d is piped to the local refinery at Umm Said which was brought onstream in May 1975. The refinery's initial design capacity of 6,300 b/d has now been increased to 11,000 b/d to meet the rise in domestic demand.

Decision

The decision to abandon plans last year to cut output from the Dukhan field by up to 30,000 b/d has less significance for the onshore operation than a similar reduction would have for the offshore fields. It is estimated that production at the current plateau could be maintained at Dukhan for about another 15 years, while offshore it could not be sustained for more than probably five years.

However, senior officials recognise that the Dukhan field, together with its associated and non-associated gas reserves, ideally should be preserved as Qatar's insurance against technical failures when the country becomes ever more heavily dependent on the North West Dome during the next decade.

The levels of recoverable reserves in the Dukhan field have risen as a result of dump flooding which has been used for the past few years and there are hopes of a further improvement when pressure injection is brought into oeration shortly. This will involve bringing water to the surface and then pumping it under pressure into the reservoirs. Work is also under way on rather more technically difficult reservoirs but it is not thought likely that this will result in any significant rise in reserve levels.

As with the offshore fields where small additional discoveries have been made, such exploitation becomes steadily more economic as the world price of crude continues to rise. But overall there is little expectation that Qatar will be successful in finding large new reserves of oil and the feeling is that at best it should reckon on pumping little more than the known recoverable reserves of about 3.8bn barrels

During the past decade Qatar has progressively taken over control of its oil industry. The first concession was granted in 1935 to the Anglo-Persian Oil Company, which later became known as the Qatar Petroleum Company (Shell, CEP, BP, Standard Oil of New Jersey, Mobil and Partex) which ran onshore operations until 1976. The Shell Company of Qatar, which won its first concession in 1952, controlled the offshore operations until four years ago.

In 1973 the government of Qatar acquired a 60 per cent interest in the concessions of both QPC and SCQ as a prelude to assuming full ownership of the country's hydrocarbon resources and operations. This was undertaken during the following four years under the auspicies of the newly created Qatar General Petroleum Corporation.

A subsidiary of QGPC was set up to take responsibility for exploration, production, transport and storage but in mid-1980 this organisation (the Qatar Petroleum Producing Authority) was merged into QGPC. The initial QR 1bn ($300m) capital of QGPC has been increased three times since 1974, the latest bringing it to QR 4bn.

Roger Matthews

QATAR'S OIL PRODUCTION—1980
(Barrels)

Field	Production for year	Average daily production
OFFSHORE		
Idd al-Sharqi	5,814,497	15,887
Maidan Mahzam	26,520,708	72,461
Bul Hanaim	55,741,770	152,300
Totals	88,076,975	240,648
ONSHORE		
Dukhan	84,233,605	230.777

Source: Financial Times.

هكذا من الاصل

Stimulus to society at heart of expansion

INDUSTRY

QATAR'S industrial director, Mr. Said Mishal, is frequently asked why it is necessary to invest in heavy industry in a country which has a total population of only about 280,000 of which a mere 50,000 are nationals. After all, the oil—and soon the gas—will provide wealth enough for the country, and the products of large-scale industry are far more subject to the vagaries of international markets.

"Yes, we are humble in front of oil statistics," Mr. Mishal says. "But we are not looking just to make money out of industry. We may need the money, but we need the development more. Industry creates life, activity... shops, businesses, generates the need for more supermarkets, barbers, carpenters—anything you care to name. It creates money and promotes its circulation."

The benefits of Umm Said, the site of Qatar's industrial plants, are already being felt in the capital. "I estimate that around QR 500m ($136m) is spent by people of Umm Said in Doha every year—and perhaps that is the real benefit. Actual dividends from the plants themselves take time."

Such is the background to Qatar's industrial strategy. Financially, the state's industry is well endowed with cheap energy sources and fuel as well as advantageous capital costs. During the last year, the Government prepaid the $350m loans which had been raised on the international market to establish many of its plants, and the Eurodollar loans have now been replaced by soft term government funding.

QAFCO, one of the country's oldest industries, begun in 1974, is now moving into the black and expects to make a QR 100m profit this year, thanks to a combination of higher prices for its ammonia and urea plus the easing of its high debt service ratio which followed the prepayments on its Eurodollar loans.

During the year ammonia prices went from QR 450 ($123) per tonne to QR 570, and urea prices rose slightly from QR 770 to QR 800 a tonne. Production of ammonia at the plant was 85 per cent of design capacity, or 110 per cent more than was originally predicted, and totalled 508,000 tonnes at the end of last year.

Urea production amounted to 627,600 tonnes—more than 95 per cent of design capacity. The main markets were India followed by China, Pakistan, Thailand and Malaysia.

The other well-established industry at Umm Said, the Qatar Steel Company (QASCO), suffered with the decline of world steel prices. Mr. Osamu Miki, the company's general manager, said that in the first half of 1980 the company was trading profitably, but with the subsequent drop in world prices in the second six months, the books will end up more or less balanced at the end of the year.

The Qatar Fertiliser Company plant at Umm Said began production seven years ago. Qatar has a 70 per cent holding, Norsk Hydro 25 per cent and the remaining 5 per cent is held by other interests. A scheme to double the plant's output of urea and ammonia was completed in mid-1979

Overall, however, QASCO has proved an enormous success. Actual production exceeded the design capacity of the plant last year, with 450,340 tonnes of steel produced from a plant designed to produce 330,000.

A visit to the plant shows just how multi-racial the company is, for its workforce consists of Japanese, Qataris, Egyptians, Somalis, Indians, Bangladeshis, and the full range of Arab nationalities. Production per head is now very close to Japanese levels.

Markets

About 13 per cent of total production is sold locally, an increase of 4 per cent over 1979's figures. The principal export markets are Saudi Arabia, which took almost one *half of total production* (175,841 tonnes), a slight drop over the previous year's total owing to the downturn in construction in that country. The UAE came next, with 106,450 tonnes—equal to nearly 70 per cent of the total steel requirements of the Emirates.

Iraq also showed enormous gains as a market, absorbing over 52,000 tonnes, and after the conclusion of the Gulf war, QASCO has high hopes of selling even more when reconstruction begins. Kuwait was another major market for QASCO, buying more than 58,000 tonnes last year.

The prospect of more steel plants in the Gulf area does not appear to worry the company. "Total demand is around 2m tonnes a year, and even with the new plant coming on stream in other countries, this will not be enough. We are presently supplying only one-fifth of the total demand," says Mr. Miki.

Saudi Arabia has plans to build a plant in Jubail, but its total requirements are about 1.5m tonnes a year and the *country will still have to import.* Iraq's own plant is close to the war area in Basra and may have energy supply problems even after the conflict is over.

Long-term prospects look good for QASCO because it will not face the increased energy and fuel costs suffered by other plants in the industrialised world. Instead, the plant is endowed with cheap gas and electricity costs which are one-tenth those prevailing, for example, in Britain.

Investment costs might have been higher, but with the Government having prepaid its Eurodollar loans, the capital costs will decline this year. "If we hadn't had to pay $15m out *this year in interest, we would* have seen a profit this year," Mr. Miki says.

Nevertheless, world steel prices have deterred the Government from going ahead with a plan to double the capacity of QASCO's production to 800,000 tonnes. The company is hoping for a rise in world prices in the latter half of 1981.

The last few months of 1980 saw the start of operations of Qatar's newest industry, the low-density polyethylene (LDPE) plant of the Qatar Petrochemical Company (QAPCO). The plant originally started up in September with imported ethylene but switched to local feedstock in November with the commissioning of NGL 1 and 2.

However, problems have occurred with offshore associated gas production and *the input into the steamcracker* is only 50 per cent of capacity. NGL 1 was brought into operation in June 1980 and October saw the commissioning of NGL 2. By March it is hoped that the ethane input will be up to 80 per cent of capacity.

Despite this delay in production, output from the LDPE plant is expected soon to reach *its target of 150,000 tonnes.* January is also expected to see the start of production of 40,000 tonnes of sulphur a year and at a later stage some 4,000 tonnes of propylene.

CDF Chimie, part shareholder and marketing organisation for QAPCO, has already spent two years pre-marketing the polyethylene, and 70-75 per cent is expected to go to the Far East with the rest being sold in the Middle East. As for future prices, QAPCO's general manager, Mr. Francois Caille, says that in the short term prospects of a price increase do not look good.

"From 1978 until the end of 1979 the prices were very low, then in the first half of last year they picked up. In September they went down again, but I do not believe that drop will be as deep or last as long as the 1978 period. I am hoping for an increase again in about May or June."

Growth

Demand is showing a steady 5 per cent a year growth and at this time QAPCO is the first and only polyethylene plant in the region. Iraq's own steam cracker was in the process of being commissioned when the war broke out and Saudi Arabia's plant will not be started up until 1985 though it is likely to have a larger capacity.

Assuming prices maintain reasonable levels, the LDPE plant should see some positive results after three years, says Mr. Caille. Energy input may be cheaper, but investment costs are about 1.6 times greater than in the industrialised countries.

The go-ahead was given last year on the high density polyethelene plant, although the shareholders may have been a little optimistic about completion dates. A tender was put out in August and nine contractors invited to qualify, of which four have submitted proposals. They are Kobe Steel, Linde of West Germany, Mitsui Shipbuilding and Tecnipetrol of Italy. The company expects a large part of the plant will be financed by export credits and *therefore are wary about the* Italian bid. Completion is not expected for another two and a half years and cost is now estimated to range between QR 250m to QR 300m. The plant will be using 75,000 tonnes ethylene a year.

Further large-scale industry in Qatar will largely depend on how the Government views the future development of the North gas field, which in theory opens up enormous possibilities. One prospect already being studied is an aluminium smelter, although Mr. Said Mishal believes such a project may not be economically right at this time. Nevertheless, the Government is already talking to a number of possible partners and will continue to study the trend in aluminium prices.

As for encouraging light industry, Mr. Mishal admits that the results have not been very satisfactory. Following a study made by the Industrial Technical Development Centre, 18 possible projects were recommended to the Council of Ministers. To encourage the private sector to develop in this sector more, the Government offers priority in land allocations, and all the necessary public utilities plus soft loans.

A new industrial law recently *introduced allows the private* sector to borrow up to 40 per cent of the investment at interest rates not exceeding 3 per cent. After that there is a two-year grace period and five years given to repay.

Potential local investors are also allowed to form joint ventures with foreign companies and still take advantage of the law. Among the possible fields of development are light industrial plants producing detergents, paints, tissue paper, batteries, PVC tiles and water pumps.

Some of these industries could take advantage of the products already produced by Qatar's large-scale plants. There are *already two plastic bag factories* operating in Doha and late last year they began to buy their polyethylene from QAPCO rather than from outside the country. "You see, that is what industry is supposed to do," says Mr. Mishal. "Promote activities like that."

Kathleen Evans

Leading houses hit by economic slowdown

TRADING

TO MANY foreign businessmen used to commuting up and down the Gulf, Qatar presents a less attractive market than the more monied and populous States in the area. It is, after all, a tiny nation of only about 280,000 people and its Government's economic policies can be summed up in one word — restraint.

The gas finds of the North West Dome are likely to change this lacklustre commercial image, for this massive field will not only propel the country to the forefront of the world's energy scene, but make massive changes in this tightly run economy. But in the words of one prominent local trader: "If you are not on the ground soon in Doha, then forget it. We don't want people who just appear when the money starts sloshing around."

That dazzling light of the Dome is still some way off, and although the Government is conducting studies and considering joint venture proposals, the side effects of the field's development are unlikely to be felt in Doha for at least 12 months. In the meantime, it is the Government's annual development budget which determines the economic pace in Qatar.

Casualties

The private sector in Qatar is totally reliant on the Government, and often has been criticised for not contributing enough to the local economy. The attraction of high interest rates outside, particularly for the dollar, has siphoned off a lot of local funds and severely tightened liquidity. The restrained expenditure policies of the Government and its failure to spend all of its budget each year has brought its casualties among the local companies in Doha and a number have had to wind up their affairs.

The more prominent trading houses feel though that the process in the main has been beneficial. "There's been a shakeout and we have got rid of the cowboys."

Local construction companies, however, see considerable opportunities, particularly in the West Bay area where a massive programme of development is now under way. A total of 26 embassies are being built as well as many public buildings for Ministries and semi-government institutions. Government officials say most of this work will go to the local construction companies in Qatar.

For the major projects such as the refinery, power station and new high density polyethylene plant, the major work will be going to foreign contractors, but local building companies can be expected to pick up the civil works on the projects.

However, one of the local companies which received more than a shake out from the downturn in trading was, sadly, one of Qatar's most prolific merchant houses. The Ghanem group of companies, owned by Sheikh Ghanem bin Ali al-Thani, is one of Doha's largest, owning the Doha Centre, the Ramada Hotel, the Ghanem Gardens villa complex as well as a number of lucrative agencies such as BMW and International Harvester.

It became apparent by late last year that the company was sliding into difficulties for a number of reasons. First, the group had financed a number of its developments by raising Eurodollar syndicated loans. Some $25m was borrowed for the hotel and another SR 40m ($20.4m) went to finance the villa complex. The loans were originally taken out when annual interest rates internationally were about 7 per cent but lately the company found itself paying more than 26 per cent. This massive increase in capital cost coupled with a Government-inspired slowdown in the local Qatari economy combined to lower occupancy rates, and therefore prices, at the hotel and to depress activity generally.

In any European country, its current managers point out, the company merely would have sold off some of its assets to pay the debts, but so large were the assets in value, that the Government provided the only logical source of support. The Government also had an interest in maintaining the international reputation of one of its leading companies.

Early this year, the Ghanem group received a "huge amount of money" from the Government so that the company could continue to service its loans internationally—they are spread around 20 Arab and European banks. A committee at the Finance Ministry has also taken over the group's dealings with the banks for a limited period and various formulae to cover the form of future assistance are being mulled over. One possibility is that the Government will take over the Ramada Hotel for incorporation into the Qatar National Hotels Company.

However, Sheikh Ghanem is one of Qatar's largest landowners and the turnover of his group last March was $40m a year and the value of his company's assets when registered two years ago was put at QR 1.5bn ($448m). The Sheikh's land would be more than enough to solve the current difficulties, say company spokesmen.

There is no question that the Ghanem group is more than a going concern. The Centre, the store which is a social landmark in Qatar, continues to notch up record sales. During the Christmas season, the store received more than 75,000 visitors in a five-day period and turnover in one January sales week was QR 2.4m. Both the hotel and the property operation can look forward to more business once activity picks up with the development of the Dome gas field. The group's previous management has been changed, and European finance managers are now in control.

The Ghanem episode perhaps will be a salutary lesson to some that professional management skills are of utmost priority. Qatari companies, after all, are becoming sizeable organisations, many with turnovers in excess of QR 100m. Others, such as the al Mannai group, are already edging towards the QR 500m mark. Many have felt the cold breeze of the Government's cautionary expenditure policies, but those which have managed to diversify their activities continue to do more than well, with turnover growth rates well ahead of the level of inflation each year.

Not all have managed the transition from small family companies to complex trading institutions—the second generation of merchants' sons appear to be more interested in managerial status than getting down to the nitty gritty of day-to-day business dealings. Some, says a local firm of accountants, still maintain only old-fashioned bookkeeping records with "far too many bits of paper flying about." Others, which have opted for computerised record-keeping, end up using their computer hardware as "glorified calculators" because of the lack of skilled staff to use and maintain the equipment.

Other, well managed companies have made successful use of computers and are able to know how the company is doing at any given time. There is also the realisation that successful management means professional qualified managers, for far too often in the past local Qatari merchants have become the victims of smooth-talking "managerial executives" and "advisors."

It doesn't take much to improve the mood of local businessmen. A construction programme of several road fly-overs is taken as a sign of the Government's willingness to spend more money. Much significance is seen also in the fact that this year the Government's budget is going up by a further 20 per cent to just over £1bn although the rate and extent of disbursement will be the more critical factor.

On the immediate horizon also is the extension of the local refinery at Umm Said, the numerous West Bay developments and the construction of the country's largest power station at Ras Laffan in the north. The local tendering committee naturally shows some favour towards local building firms and joint ventures when allotting contracts, particularly for all contracts under QR 3m.

The awarding of contracts is also subject to a number of other influences. The process of tendering is normally accompanied by fierce rivalry among the local Qataris representing foreign contractors in which family relationships can play an important part.

At other times political influences can be brought to bear. When President Giscard d'Estaing of France passed through Doha last year on a very brief stop, he not only sold Alpha training jets and a squadron of Mirages, but secured a lucrative $138m consultancy contract for Technip for the construction of the refinery. This was despite the fact that two Japanese companies had submitted lower prices—the Qataris merely kept retendering the contract until the desired result was achieved. Retendering contracts has long been a Qatari method to bring down construction costs.

Britain will have to work just as hard to keep pace in Qatar, particularly in the scramble which is promised when the Dome gas project gets under way. Overall, Qatar's imports totalled QR 4.4bn from January to November last year compared with a higher level in 1979 when imports totalled QR [illegible] for the whole year.

If the effect of inflation is taken into account, this represents a considerable drop in imports for Qatar. Out of this total, the Japanese accounted for 19.74 per cent of the market, up slightly from their 18.5 per cent market share the previous year. Britain followed a very close second with 18.84 per cent, yet in value the difference amounted to only little over £5m.

League

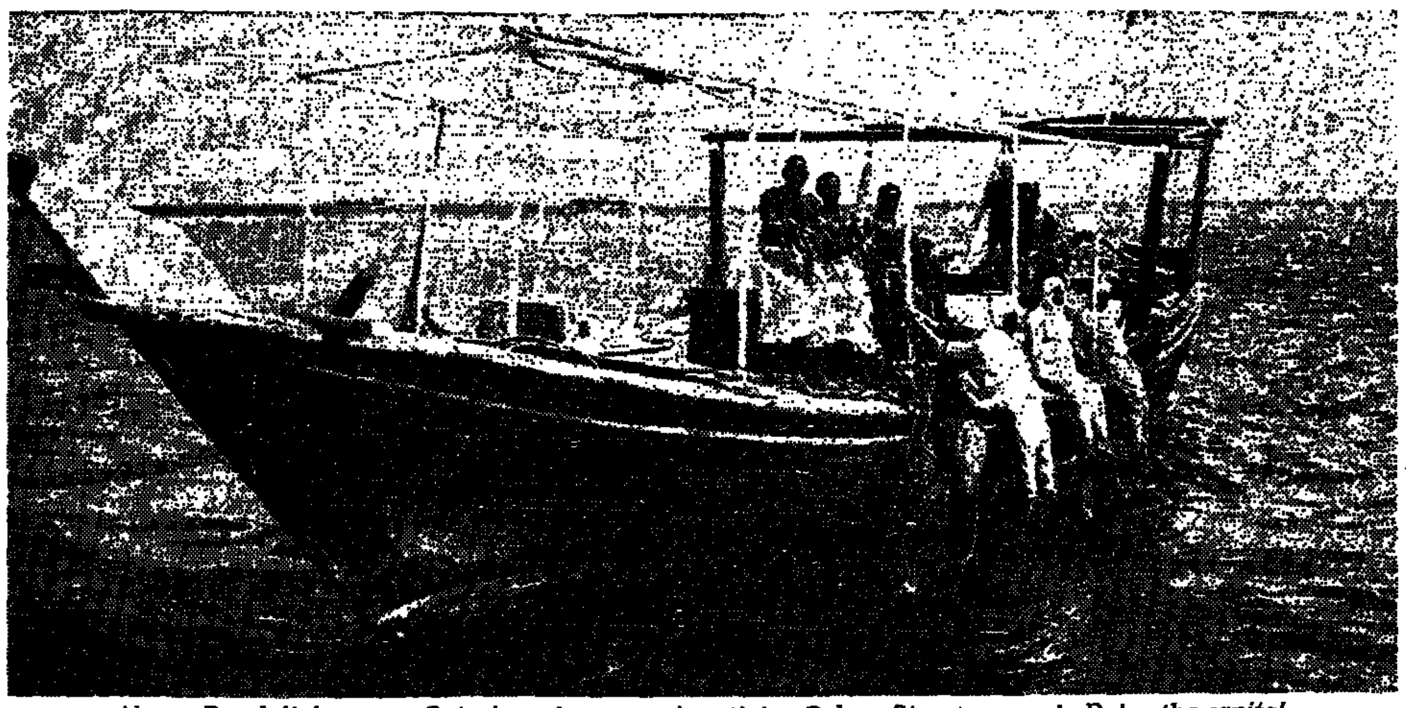
For the first 11 months of 1980 British exports to Qatar were QR 841m while Japanese sales totalled QR 882m. Britain also moved up one place in the league table after being third in 1979 after West Germany owing to Germany's participation in the Ras Abu Fontas power station. In 1980, however, the U.S. was third, followed by West Germany, France and Italy.

The future pattern of the import league table will much depend on where contracts for the North West Dome gas field are placed. The struggle has already begun, particularly among the major local companies which are vying for agency representation of those foreign companies likely to be involved in the project.

Four U.S. companies already have been invited to tender for the consultancy of the whole development, and it is likely that given the assumption of experience and financial capability to do the job, the choice of who represents a foreign company on the ground is going to be very important when the jobs are handed out. However, it is also likely that the Government will like an international spread in their choice of contractors also.

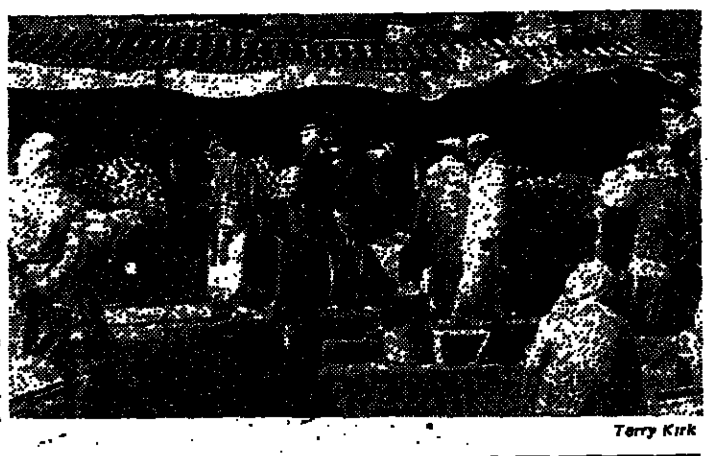
And as one local company warned: "If you are not here now, or at least in six months, then you could be too late." That alone may make foreign businessmen on their Gulf round give Doha more than the customary day's stopover.

Kathleen Evans



Above: Pearl diving, once Qatar's main economic activity. Below: Street scenes in Doha, the capital, with (left) the old souk, or bazaar, and (right) the fruit and vegetable market

Terry Kirk



Terry Kirk

FOREIGN AFFAIRS

Recycling—gloom but not yet doom

A SHORT while ago, a senior economist at one big American bank was asked if he would talk about the recycling problem to an international symposium. Before he sat down to write his paper, he was virtually certain in his own mind that it was bound to be full of doom and gloom; but when he had finished setting out his argument, he found his conclusions were considerably less pessimistic than he had been at the outset.

"If you just look at the macro numbers," he says today, "at the vast OPEC surpluses and the correspondingly vast deficits of the oil-importing countries, stretching on into the future, disaster looks absolutely inevitable. But if you pick it apart, and assume a bit of adjustment here, a bit of adaptation there, then the picture looks a lot less unmanageable. Disaster is still possible; but it's not inevitable."

Financing problems from a continuing OPEC surplus

A senior official at a major European central bank takes a broadly similar line. "This time last year, it looked as though the banks would be increasingly reluctant to finance the deficits of the less-developed countries (LDCs), but the latest figures for the third quarter of 1980, indicate that these anxieties were overdone. There are still major uncertainties, of course, especially about American policy, and about the relationship between the surplus OPEC countries and the World Bank and the International Monetary Fund. But there is no reason to be *more* pessimistic now than we were at the beginning of 1980."

Warnings that 1981 would be more difficult than 1980 came last year from all the most authoritative international institutions. The Bank *for* International Settlements: "Looking further ahead (than 1980), the longer the OPEC surplus lasts at present levels, the more likely it is that difficult financing problems will arise." The International Monetary Fund. "At some point, if deficits continue on the scale most observers project, the role of commercial banks in financing those deficits may well decline."

But the most explicit and most insistent warnings of doom have come from Morgan Guaranty. The September issue of its World Financial Markets predicted that the growth of international lending by the major commercial banks would slow from 25 per cent a year in the past five years to about 15 per cent a year in the next five, and that unless the 12 biggest non-oil developing countries could get very much bigger chunks of non-bank finance (that is aid), they would have to cut their growth rates radically, possibly to as little as 1 per cent a year. "Such a reduction undoubtedly would trigger adverse social and political developments, which could force some countries to seek debt relief. However, this would not provide a long-term solution to the external payments constraints on their economic growth, since it would make it more difficult for them to obtain additional bank financing."

In more recent issues of World Financial Markets, Morgan Guaranty has added to the gaiety of nations by pointing out that interest payments on the external debt of the 12 biggest LDC borrowers, which took just over 10 per cent of their export earnings in 1979, could account for 16 per cent this year, and that as a result of high interest rates the current account deficits of all the LDCs—the Third World countries—could widen from $70bn in 1980 to $80bn in 1981.

Against this background, it is hardly surprising that Morgan Guaranty has been much more cautious in lending to the LDCs than such other American giants as Citicorp, Chase Manhattan and Bank of America.

There are undoubtedly grounds for this kind of gloom. The LDCs have been borrowing heavily every year since the first oil shock of 1973-74, and since they remain in deficit, every year their indebtedness increases and their creditworthiness for further borrowing declines. On the other side of the table, the big American banks find their lending is rising faster than their capital base, and that their loans to LDCs are starting to knock up against all kinds of ceilings, whether imposed by central banks or dictated by banking prudence.

There has been an assumption that the U.S. banks would increasingly have to hand over the recycling baton to non-American banks, and the assumption has been borne out in practice. Between 1976 and 1979, the claims of U.S. banks on the 12 biggest non-oil LDCs grew at a rate of just over 17 per cent a year to nearly $40bn, whereas claims by non-American banks grew at over 42 per cent a year to over $48bn.

The trouble is that this kind of thing cannot go on indefinitely. Non-American banks are beginning to be worried about capital-asset ratios and concentration of risk, and the second-tier banks, whether American or not, which are not yet in this kind of business on any large scale, are probably not big enough or experienced enough to take over from their big brothers who are beginning to be, as they say, "all loaned out."

Glyn Genin

The onus of political issues will rest squarely on President Reagan's Administration. The Americans cannot expect the impossible.

Even if they wanted to jump in in a big way, they might have difficulty in raising the money, for the overwhelming majority of the OPEC surpluses are still channelled back into the market in the shape of deposits with the big American banks. If these big banks want to choke back their own LDC lending, they may be prepared to pass on some of the surplus funds into the inter-bank market. But some of them are now beginning to demand sight of the loan portfolios of customers in the inter-bank market. As one banker says: "If it isn't prudent for a bank like us to lend any more to country X, it sure as hell isn't prudent for the ABC Bank to do so."

The problem of the credit risk of the banks is that their lending is concentrated to a very large extent on a handful of countries—Brazil, Mexico, Argentina, South Korea, Turkey Poland—and that a great deal therefore turns on how these countries cope with their financing needs in future.

The root of the matter is that there is no free lunch. The OPEC countries have dislocated the cost-price structure of the world economy, and the rest of us have to adjust to that fact. Recycling, in the sense of continuing balance of payments finance, is no solution to the structural problem; by itself, it only buys time, and that kind of time is running out.

If we are to avoid a scenario where an American take-over of the Arabian peninsula could assume a semblance of plausibility, the oil-importing countries, developed as well as developing need a combination of two things: cautious growth policies which will limit their oil-induced payments deficits, and thus make those deficits look more financeable through recycling; and medium-term investment policies which will adapt economic structures to the new cost-price relationships.

This second requirement is made doubly difficult by the prevalence of high inflation and high interest rates, which not only add to their balance of payments difficulties, but also play havoc with the predictability and profitability of investment, and by the near certainty that energy costs will go on rising in real terms at least *for the next decade*.

But in the absence of a cataclysm, the big international banks will seize on almost any pretext to stick with the thrusting developing countries, like Brazil and South Korea because, if things do go right, those will be big bank customers in future. The expansionist banks are being forced by the oil crisis to move towards the kind of long-term strategy that one might associate with natural resource companies.

But the banks will not in the immediate future play as big a role in recycling/adjustment as they have in the past, and the *gap can be made good in only* three ways: economic stagnation entailing the kind of stresses alluded to by Morgan Guaranty, with severe side effects on the industrialised world; a substantial increase in aid by the West; a substantial increase in lending by such multilateral institutions as the IMF and the World Bank. *Since no one expects* the taxpayers in the West to cough up a lot more, the focus of attention is on the Fund and the Bank.

Both institutions have already gone a long way towards lending policies designed to take more account of the oil-induced structural problem, and both are moving towards acquiring substantially more funds: the World Bank by a capital increase and/or a looser capital-asset ratio, the Fund by borrowing from member governments or, in the last resort, from the private capital markets. But the critical unresolved questions revolve around the relationship between them and the [illegible] *riches* of the Arab world—who are, after all, the people with the surplus money—and around the political price which the West may have to pay for Arab *co-operation*.

It would be neat if Saudi Arabia, Kuwait and Abu Dhabi could be induced to switch part of their recyclable money through the aid institutions. But it would be unrealistic to suppose they will not require either a rate of return which would imply heavy interest costs for LDC borrowers, or a political *quid pro quo*, which might be general (a bigger say in the running of the Washington agencies) or particular (American concessions on the Arab-Israel dispute).

The Americans cannot seriously expect the impossible: *that the Saudis will indefinitely* maintain oil output nearly 2m

Arab co-operation may have its price tag

barrels a day above their preferred limit of 8.5m b/d to bale out the West; that they will put up their surplus cash to bale out the LDCs; that they will accept continued American dominance of the Fund and Bank while the U.S. seeks to cut its own very modest aid contributions; and that Israel should be protected from any concession on the Palestine issue. Behind the financial problems of coping with the oil surpluses, lie political issues whose onus will rest squarely on the Administration of Ronald Reagan.

Ian Davidson

Letters to the Editor

Stock relief proposals

From the Financial Controller Research Machines.

Sir,—A. G. Long (February 11) makes a point about the new stock relief proposals which has been largely ignored in the debate following their publication.

At various times both before and since the last General Election, Mrs. Thatcher and her Government Ministers have stated clearly their intention to help smaller companies, especially by reducing the burden of *personal and corporate taxation*. The events of the past eighteen months have demonstrated either the Government's unwillingness or inability to do anything of the sort.

There is litle doubt that those small and medium sized companies which are managing, despite the present economic climate, to expand in real terms will be severely penalised by the new stock relief scheme. Such companies, often operating in high technology and other innovative areas, will no longer make a post tax return high enough to fund an expansion rate which will keep up *with the fierce* competition from abroad. I detect a certain reluctance on behalf of professional commentators plainly to state that the present stock relief scheme allows volume increases in stock to be written off against taxable profits. If this level of allowances is what growing companies need in order to carry on growing, then the Government must accept that the correct policy is to defer tax revenue from smaller companies now in order to get a higher return from the resulting larger companies in the future.

No one, I imagine, would argue against lifting the threat of huge stock relief clawbacks from those sections of British industry suffering in the grips of this recession. It seems, however, a dangerous and foolhardy answer to tax out of existence the only source of new investment and employment this country has apart from North Sea oil.

G. R. Rampton.
18, Acre End Street,
Eynsham, Oxford.

Better hang together

From Mr. F. Whitehouse.

Sir,—The working men's clubs and pubs of this "Socialist Republic of South Yorkshire" are no longer awash with toasts to the workers' glorious victory at Wembley. Instead there is a growing wonder if, after all, a continuing co-existence with the "wets" of the Labour Party they have driven into the wilderness —or a damaging enemy camp— wouldn't have been a more profitable ploy.

The prevailing fear, in spite of kingly counsel from adjoining and sometimes overlapping Scargilland, is that they have worsened the Labour Party's chance of being returned to power at the next election.

And much as they hate the guts, theoretically, of the toffee-nosed crew running the Parliamentary Labour Party they prefer them in power to Maggie or *any other* Tory.

It isn't that they have any fear of not being able to return their own chosen candidates in this region, but the news from elsewhere is not reassuring. Especially when there is evidence of defections in the local ranks by the better off and better educated trade unionists. Potentially the Gang of Three have recruits even among the brethren. Which hurts and *alarms*.

In the present "morning after" mood Michael Foot could get an awful lot out of the rebels with even a little evidence that it would restore Party unity or arrest defections.

Shirley Williams' long drawn agonising in the glare of TV *and media coverage, and to the* obvious joy of the Liberals, has convinced them as nothing else could that the remaining Labourites had better hang together or perish.

Mongrel that it is, the Labour dog is the one the "lads" here want to save. Their hope in their chastened mood is that it may yet father one of the purest socialist breed even though at the moment it jibs at being their poodle.

My guess is that the way the rebellious pups are handled at the next Labour conference will be one up even on the Woodhouse way.

Frank Whitehouse,
135, Ecclesfield Road,
Chapeltown, Sheffield.

Subsidies for housing

From Mr. D. Roaf

Sir,—Michael Cassell on Britain's housing crisis (February 11) argues that Government Ministers claim that with new council houses costing £16,000 each while rents are at only £11 per week, the country cannot afford the enormous subsidies required if councils are to continue to build houses.

But these subsidies are only needed because we use historic accounting in housing finance. If Government loans to councils were index-linked at, say, 3 per cent and repayable over 60 years annual payments (in "real" terms) would be £571. With a *further*, say, £250 per annum for administration and maintenance a rent of £16 per week would enable the Government to do away with subsidies for new housing (though subsidies might still be needed for poorer tenants). Such a rent is common for new houses.

Failure to use inflation accounting nearly bankrupted British business in 1974-75. Must this failure also destroy our house-building programme.

D. J. Roaf.
Exeter College,
Oxford.

Index-linked pensions

From Mr. R. Colbran.

Sir,—The Scott committee did not say whether it thought indexed pensions should continue in the public sector. It was not asked this question— merely to consider methods of valuing present pension rights.

It was only able to give a range of possible answers, subject to the belief that the inflation-protection would be modified in extreme circumstances. The range for the appropriate "deduction" from pay was from 3 per cent to 8½ per cent taking account of the hope of inflation rates being lower than recently. It then said that the figures should have a small increase because public sector schemes should be excluded from the comparison. In other words the present "deduction" of 3.8 per cent is right at the bottom of its possible range.

On indexed bonds it only suggests that the Government should look seriously at the case for issuing them. From this mild suggestion, based on five men's deliberations over 18 meetings which must have mostly concerned other issues, so much speculation on possible consequences has been developed in an eager Press.

Where Scott has done a useful service is in reminding us, as we should already have known, that there are now about 5m employees in the public sector building up rights to inflation proofed pensions. The rest of the community is at risk for the *potential cost*.

R. B. Colbran,
Martin Paterson Associates Limited,
10 Buckingham Place, SW1.

Enterprise zone in Liverpool

From the Convenor, Liverpool United Warehouse Keepers' Conference

Sir,—If Anthony Moreton on "Liverpool: enterprise zone" (February 6), had only made a survey of the established companies operating under extreme pressures in the present adverse trading conditions, he would have been more circumspect in his conclusions; for they are the grafters upon which the local economy depends for its livelihood.

Did he by any chance ask *what they thought* of the proposed enterprise zone? Would he have been interested to learn that there is a deep sense of injustice felt by many businessmen who will now face unfair competition from competitors cushioned by 100 per cent allowances on rates for a 10-year period? How does this new *concept of "free trading" tie up* with Sir Keith Joseph's thinking? Was Anthony Moreton aware of the support given to Merseyside public warehouse keepers by the Chamber of Commerce in their protest at the extreme disadvantage to which they would be subject should an enterprise zone at Speke be confirmed by the Minister? The overwhelming financial burden of local rates alone would cripple their competitiveness with public warehouse keepers operating inside the zone.

When the Minister expresses the intention "to allow the private sector the freedom to invest and develop as it sees best," he is ignoring the simple truth that his statement is contradictory when the Government in its "wisdom" establishes a cushioned "enclosure" *for* a favoured few, at the expense of those outside. In *fact, nothing less than a patent* subsidy cushioned against the realities of normal tax requirements.

Businessmen at Dudley have got the message, and Mr. Andrews of the Andrews Group gave voice to the fears of many when he stated that the rates figure of £25,000, to which he was subject, "could be the difference between staying in business during the present recession, and going to the wall." The unpleasant fact is that his present rate of £25,000, based on a plus of 15 per cent (average) per annum, will have become a mighty £101,000 per annum by the end of the "trial" period of 10 years.

The Department of the *Environment's declared intention* to do away with "artificial pressures" on economic activity by withdrawing controls in a rates-free, tax concession enterprise zone will inevitably result in the demise of many long-established firms unable to compete against these very real artificial pressures.

The DoE's soporific of "speedy action" by his Department in the event of serious problems arising for established public warehouse keepers after the "zones" have started operating, has the doubtful appeal to us of "chucking the baby into the river to see if it floats."

G. Blair.
Liverpool United Warehouse Keepers' Conference, and
The Merseyside Public Warehouse Keepers' Association,
70, Pall Mall, Liverpool.

Linwood closure

From Mr. J. Bescoby.

Sir,—The closing of Talbot UK's plant at Linwood (February 12) has been greeted with the expected responses of gloom and despondency from predict*able quarters. There is, how*ever, another point of view and I suggest that we (and I don't mean only taxpayers) should be glad that the closure is, at last, to take place.

The history of the plant has been little short of disastrous. The quality of its output has never been high, to say the least, and as the Japanese have taught us, where production is constantly interrupted high quality is almost impossible to achieve. Industrial relations problems have also made it a difficult plant to manage and these, combined with its uneconomic location, have led to its unprofitability. The unions, naturally, are complaining because Peugeot SA, the French parent group, has decided against introducing a new model (which, it is assumed would have a greater chance of success than the existing products) into the plant. But what company is going to invest the *sums required, particularly* in the present situation of the British motor industry, in a plant with such a history?

With the concentration of PSA's British production in the Midlands, and of passenger car production at Ryton, the firm has at least an outside chance of achieving viability in due course. If it were to keep Linwood open, then the probability is that PSA in Britain would be so weakened that its path would follow that of the previous owners, Rootes and Chrysler, both of whom found themselves struggling with a plant which could not be made to *perform satisfactorily and which* undoubtedly contributed to their ultimate demise.

J. H. Bescoby.
(Senior Lecturer in Industrial Relations).
University of Newcastle upon Tyne,
Stephenson Building,
Newcastle upon Tyne.

Today's Events

GENERAL

UK: Sir Leslie Murphy, former chairman National Enterprise Board, gives John Simmons lecture on financing nationalised industries to Institute of Administrative Management, Plaisterers Hall, EC2.

Survey on alcoholic drinks in the home published.

International Floor Coverings Exhibition opens, Metropole Exhibition Hall, Brighton (until February 19).

Official opening of Zimbabwe's High Commission offices, Strand, WC2.

Spring St. James' Antique Fair opens, Piccadilly Hotel, W1 (until February 19).

International Men's and Boys' Wear Exhibition, Olympia (until February 18).

Sir Ronald Gardner-Thorpe, Lord Mayor of London, visits Barbican Arts Centre, EC2.

Overseas: EEC Finance and Economic Affairs Ministers meet in Brussels to adopt a system of loans to help member states cope with balance of payments difficulties, and to consider farm price proposals for 1981-82.

Pope John Paul II starts 12-day tour of Philippines and Far East.

International Confectionery Exhibition, Paris (until February 18).

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions. Gas Levy Bill, second reading.

House of Lords: Disused Burial Grounds Bill, third reading. Motor Vehicles (Variation of Speed Limits) Regulations, motion for approval. Town and Country Planning (Minerals) Bill, committee.

OFFICIAL STATISTICS

Department of Trade publishes January provisional figures for retail sales, and January figures for balance of payments current account and overseas trade figures.

COMPANY MEETINGS

See Financial Diary on page 7.

COMPANY RESULTS

Final dividends: Drake and Scull Holdings. Interim dividends: Westminster and County Properties.

UK COMPANY NEWS

Pentland Tst. little changed

Pre-tax revenue of the **Pentland Investment Trust** was virtually unchanged at £1.8m compared with £1.77m in the year to December 31, 1980. The comparative figure includes special dividends of £144,773. Gross revenue was up £20,711 to £1.96m.

After tax of £647,229 (£628,499) stated earnings per 25p share are 6.4)p (6.34p, which includes special dividends). Net asset value per share is given as 194.4p (150.4p).

The final dividend is raised from 3.95p to 4.8p—the forecast was not less than 4.5p—for a total of 6.3p (6.28p, which includes special non-recurring payment of 0.83p).

St. Andrew Trust earns £807,000

A slight fall from £830,000 to £807,000 in net revenue available for distribution is reported by St. Andrew Trust for the year to December 31, 1980. The previous year's figure includes a non-recurring total of £115,000.

After tax down from £453,000 to £444,000, stated earnings per 25p share are 6.8p (7.03p, including 1p non-recurring). Net asset value per share is 188.8p (152.2p).

The final dividend is raised from 3.35p to 3.8p for a total of 6.3p compared with 6.6p, which includes a special non-recurring payment of 1p.

FT Share Information

The following securities have been added to the Share Information Service:—

China Light and Power (Section: Industrials). **New Tokyo Investment Trust** (Investment Trusts).

Current cost accounting problem for Berisford

CONSIDERABLE DIFFICULTY is being experienced by S. and W. **Berisford**, the merchanting and commodity trading group, in applying the recomendations of the Accounting Standards Committee on current cost accounting.

Since last year, **Berisford** has much researched into current cost accounting as it may be applied to the group's activities, and discussions have been held with its auditors, Spicer and Pegler, the Accounting Standards Committee and other companies engaged in similar activities.

But despite this, no method has so far been identified to measure adequately the effect of price movements over a wide variety of highly price-sensitive commodities, to enable the production of a meaningful statement of current cost profit, as envisaged by SSAP 16.

The directors are aware, however, of the underlying trend of prices generally over a period of years and acknowledge the need to maintain the operating *base of group activities.*

They say to the extent that a substantial part of the working capital, the subject of volatile price variation, is financed through banking facilities, the effect of inflation is counter-balanced.

The residual element of the capital base is adequately safeguarded through substantial profit retention, they feel, although the effect of inflation on this amount, in the absence of suitable *indices is not accurately* quantifiable in the manner foreseen by SSAP 16.

As in previous years, the group has calculated in its 1979-1980 accounts the depreciation charge on fixed assets on a current *cost basis as set out in* SSAP 16. Additional charge required in the year, on this basis, would amount to £1.61m (£1.66m). At September 30, 1980, the current cost net book value of the plant was £22.95m, *compared with a historical* £17.71m.

As reported January 16, historic pre-tax profits for the year to end-September, 1980 rose from £32.23m to £36.12m, on turnover of £2.45bn (£2.17bn). *As forecast* at the time of the rights issue, the dividend is raised 30 per cent to 9.75p (7.5p) net, with a final of 6.5p.

At the year end, group shareholders' funds were up by £43.74m to £163.28m, reflecting additional funds arising from the rights issue and further profit retentions. Net assets per share amounted to 146p (134p).

While overall banking facilities continued to increase, net bank borrowings showed a substantial fall from £127.67m to £85.64m, representing 52 per cent of shareholders' funds.

A divisional breakdown of 1979-80 turnover *and pre-tax profits* shows respectively (in £000): —merchanting and commodity trading £2,225,885 (90.8per cent of total) and £24,850 (68.8 per cent); secondary metals £52,992 (2.1 per cent) and £4,323 (12 per cent); processing activities £171,809 (7 per cent) and £5,369 (14.9 per cent); finance and insurance £1,923 (0.1 per cent) and £1,580 (4.3 per cent).

In the current year, trading in the sugar division has continued satisfactorily, says Mr. E. S. Margulies, the chairman, but the future of its activities is inevitably linked with the outcome of *Berisford's bid to acquire British* Sugar Corporation, which is still under consideration by the Monopolies and Mergers Commission.

Mr. Margulies says that once the views of the commission are known, Berisford shall consider the situation in the light of all the circumstances at the time and, in the event of the group making a renewed offer, this will be subject to shareholders' approval.

Meeting, Tower Hotel, E, March 9, at noon.

Godfrey Davis paying second interim

Godfrey Davis, the Ford main dealer whose car-hire business is the subject of an agreed £22m offer by **Europcar**—part of Renault of France—intends to pay shareholders a second interim dividend of 1.5p net.

This would make 3.5p net for the year, and the company said it would expect to recommend total dividends *for the* 1981-82 year to March 31 of not less than this level.

Under the agreement with *Europcar, the car-hire activities* may not distribute profits to Godfrey Davis and so cannot contribute to dividends for 1980-81. For 1978-80, a total of 5.5p was paid.

Following the January go-ahead for Europcar's proposed acquisition by the Monopolies and Mergers Commission, the Renault subsidiary is going ahead on the same terms as *planned before* its offer was referred.

Under the deal with Europcar, Godfrey Davis will first be re-*organised into two new holding* companies.

One will hold the car-hire interests, for which Samuel Montagu, advisers to Europcar, will make an offer on behalf of the latter. The other, Godfrey Davis (Holdings) will own the group's remaining businesses; application will be made to the Stock Exchange for a share listing.

SHARE STAKES

Associated British Engineering —Edinburgh Investment Trust has purchased 300,000 shares making holding 700,000 (6.276 per cent).

Combined English Stores Group — Norwich Union Insurance Group now holds 2,819,980 shares (5.4 per cent). This corrects the statement reported on February 13.

Leopold Joseph Holdings—Edinburgh Investment Trust holds 136,000 *shares (5.17 per* cent).

Minister Assets — Britannia Arrow acquired a further 700,000 shares on February 12 and now holds 5.825m (17.01 per cent).

MERGERS CLEARED

The following mergers will not be referred to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973, states Mr. John Biffen, Secretary of State *for Trade:*

General Electric Company/Picker Corporation; Argyll Foods/Oriel Foods; Trustee Savings Bank/United Dominions Trust.

Drayton Premier advances

After-tax revenue of **Drayton Premier Investment Trust** advanced from £2.79m to £3.31m for 1980 and the dividend total is being raised from 8.8p to 10.2p net per share, with a final of 7.2p.

Tax took £2.17m (£1.76m) and retained revenue emerged at £340,445, against £216,661.

Net asset value increased from 227.5p to 292.5p per 25p share.

Improvement at Colonial Securities

Net revenue of the **Colonial Securities Trust Company** advanced from £322,188 to £353,041 in the year to December 31, 1980. The final dividend is again 8p per deferred stock unit, making the total 11.5p compared with 10.5p.

After tax up from £192,806 to £224,443 and dividends, revenue retained was £42,566 (£36,785), giving reserves of £494,939 (£452,373).

Total assets less current liabilities at the year-end amounted to £10.75m (£8.47m) and the net asset value per deferred stock unit was 403.75p (312.75p).

Anvil plans to drill onshore in Ireland

North Sea Petroleum, the wholly-owned subsidiary of **Anvil Petroleum**, formerly Attock Petroleum, has applied for a *licence to explore for hydro*carbons covering 300 square miles onshore between the east side of Lough Foyle and Ballycastle, Ireland, and the adjacent offshore area extending up to the three-mile limit.

North Sea Petroleum, as operator, will have a 20 per cent interest in a consortium formed with Ulster Bank, Ulster Natural Resources Gaelic Oil and Eglinton Oil and Gas.

GMSH/BARNETT

Grandmet Services for Hospitals has acquired the Leeds based **E. R. Barnett and Co.**, *which is the leading hospital* catering company in the UK and which serves as major caterer to the Nuffield Nursing Homes Trust in 30 hospitals.

LONDON AND ASSOCIATED

Following conversions of the 11½ per cent convertible unsecured loan stock in **London and Associated Investment Trust**, Mr. M. A. Heller, the chairman has a beneficial interest in *3,700,441 shares* and a non-beneficial interest in 2,594,398 (40.89 per cent).

London and South Yorkshire Securities is interested in 1.75m ordinary shares (11.37 per cent), while Barmik Properties is interested in 3.25m ordinary (21.11 per cent). Mr. S. Heller, because of his family's shareholding in and his position as chairman of *these* two companies, thereby becomes interested in these shares. These are in addition to the 34,560 shares owned directly by Mr. and Mrs. S. Heller.

SPAIN

1980 High	Low		Feb. 13 Price %
296	203	Banco Bilbao	296
336	217	Banco Central	336
262	206	Banco Exterior	262
279	200	Banco Hispano	279
137	120	Banco Ind. Cat.	125
175	141	Banco Madrid	141
348	237	*Banco Santander*	348
190	140	Banco Urquijo	185
320	208	Banco Vizcaya	320
240	200	Banco Zaragoza	240
121	75	Dragados	121
62	45	Espanola Zinc	56
59.7	53.2	Fecsa	58.2
40	22	Gal. Preciados	33.5
71.7	58.7	Hidrola	65.2
63	55	Iberduero	58
120	77	Petroleos	95
80	59	Petroliber	70
115	63	Sogefisa	102
63.5	51.5	Telefonica	60.5
67	58.2	Union Elect.	64.5

Brooke Tool profits hit as UK orders decline

The severe recession has led to a significant decline in UK orders placed recently with **Brooke Tool Engineering (Holdings)** and *this has hit* production and profitability, Mr. Sandy Saunders, the chairman, tells members in his annual statement.

Although the company enjoys a leading position in its specialised market sectors in the UK, the chairman says too many engineering companies are competing for an ever decreasing amount of business and "it will become progressively more difficult to maintain present levels of earnings, let alone achieve the five year growth targets we have set ourselves."

The group is therefore to realign permanently part of its present manufacturing capacity, which although having performed well to date is now surplus for the foreseeable future. Much of the expenditure involved in this reorganisation will be incurred in the first half of the current year.

For the year ended September 30, 1980, sales expanded 53 per cent to £9.87m, while pre-tax profits increased from £495,300 to £640,700—as reported January 15. *The dividend is being raised* by over 21 per cent to 3.5p per share.

The group has already directed maximum effort at *developing* more advanced engineering methods and installing the most automated plant to achieve further improvements in productivity.

The launch of the new Boxford lathe as well as the machine developments at Broadbents and at Hayes will provide the group with technically advanced products to attack a wider range of customer, Mr. Saunders states. In addition, extra expenditure has been allocated for developing new overseas markets.

Having completed the acquisition of Provincial Cities Trust in November, the *group is in the* position of having significant funds available for investment. The Board is evaluating several potential acquisitions, but recognises that some degree of dilution may be unavoidable if the most favourable longer term impact on earnings is to be achieved.

At the year end, shareholders' equity was up from £3.08m to £3.51m. Secured loans totalled £1.07m (£0.9m) and bank overdrafts (secured) increased from £47,700 to £460,300.

Capital commitments were *down from £1.01m to £76,700, of* which £7,300 (£20,000) had been authorised but not contracted for.

Meeting, Great Eastern Hotel, EC, March 10, at 2.30 pm.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock *Exchange. Such meetings are usually* held for the purpose of considering dividends. Official indications are not available as to whether dividends are *interims* or finals.

TODAY

Interim:—Westminster and Country Properties.

Finals:—Drake and Scull.

FUTURE DATES

Interims:—

BPM .... Feb. 25

Manson Finance Trust .... †Feb. 17

Finals:—

Anglo American Coal .... Feb. 18

Carrington Viyella .... Feb. 25

Nottingham Manufacturing .... Feb. 23

Rentokil .... Mar. 6

Vereeniging Refractories .... Feb. 17

Weber Holdings .... Feb. 23

Woolworth (F. W.) .... Mar. 11

†Amended

More uranium from Portugal

Portugal plans to quadruple *uranium oxide production* to between 400 and 500 tonnes a year over the next five years, according to Sig. Antonio *Albuquerque e Castro, head of* the state-owned National Uranium Company (ENU).

The country has the 13th largest known reserves *of* uranium in the world, and exports almost all of its current production of some 120 tonnes a year.

A 1979 survey by the International Atomic Energy Agency indicated probable reserves of 80,000 tonnes, in addition to the present "reasonably assured" reserves of 10,000 tonnes, and ENU is considering the forma*tion of joint ventures* with both Portuguese and foreign companies to explore these.

£000's capitalisatn.	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
3,842	Airsprung	63	+1	6.7	10.6	5.7
1,075	Armitage and Rhodes	43	+1	1.4	3.3	17.7
11,609	Bardon Hill	190	+1	9.7	5.1	7.1
7,308	Deborah Services	95	+1	5.6	5.8	4.7
3,974	Frank Horsell	106	−4	6.4	6.0	3.3
7,368	Frederick Parker	51	−1	11.0	21.6	2.3
1,576	George Blair	74	—	3.1	4.2	—
2,650	Jackson Group	106	−1	6.9	6.5	4.0
16,562	James Burrough	120	−1	7.9	6.6	9.8
3,366	Robert Jenkins	330	—	31.3	9.5	—
2,580	Scruttons "A"	53	—	5.3	10.0	3.8
3,323	Torday	219	+1	15.1	7.0	3.7
2,511	Twinlock Ord.	11⅝	−0⅝	—	—	—
1,966	Twinlock 15% ULS	72	−4	15.0	20.8	—
5,951	Unilock Holdings	39	+2	3.0	7.7	6.9
12,779	Walter Alexander	101	−1	5.7	5.6	5.8
6,138	W. S. Yeates	263	+3	12.1	4.6	4.3

هكذا نص الاصل

INTERNATIONAL CAPITAL MARKETS

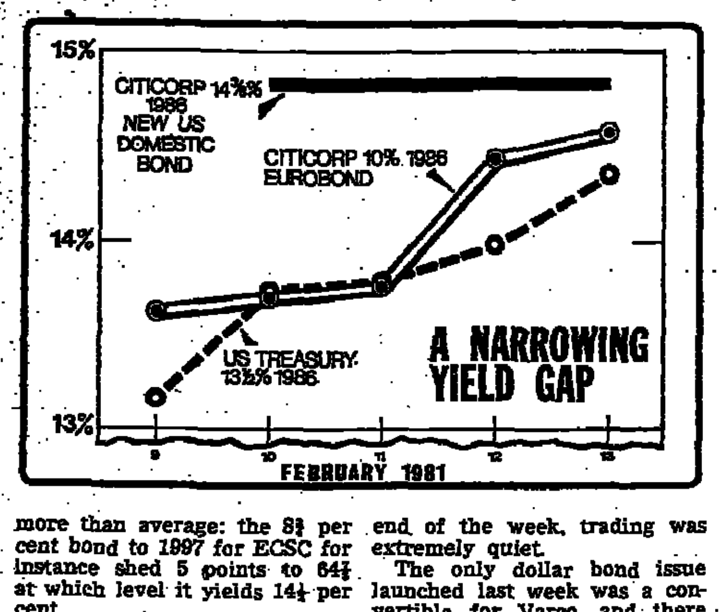
INTERNATIONAL BONDS BY FRANCIS GHILES

Prices decline on all funds

A SHARP upward lurch in Eurodollar rates and the strength of the U.S. currency against the Deutsche Mark and Swiss Franc caused a shake-out in international bond markets last week.

Prices of dollar bonds were marked down by about 2¼ points, while strong selling pressure pushed D-Mark and Swiss Franc bonds down by 2⅞ points.

The decline in fixed interest rate dollar bonds was, however, prompted by more than rising interest rates. The difference in yields available to investors on U.S. Treasury and domestic bonds on the one hand, and most new and seasoned Eurobonds on the other remains wide, often as much as 100 basis points.



Adjusting to this large yield gap is proving very painful for the Eurobond market; and the process would not appear, according to most dealers, to have run its full course. Some issues fell last week by much more than average: the 8¾ per cent bond to 1997 for ECSC for instance shed 5 points to 64¾ at which level it yields 14¼ per cent.

Dealers reported a certain amount of swapping into U.S. Treasury and domestic bonds but, particularly towards the end of the week, trading was extremely quiet.

The only dollar bond issue launched last week was a convertible for Varco, and there were rumours of an imminent convertible issue for Koto Butika. The convertible for Tipco started trading on Friday, closing at 98¼-9¼.

The 13½ per cent issue to 1986 for Eldorado was quoted at a discount of 3½-2¾ points from its indicated price of 99¼ throughout most of last week. It will start trading in the open market today.

Selling pressure remained strong in the D-Mark foreign bond sector. Sporadic demand on Thursday and Friday from bargain hunters, especially in Switzerland, failed to arrest the decline in prices.

Few dealers are optimistic about the short-term outlook in this sector. Nor was their any sign that the issue agreed by the Capital Market Sub Committee for the ECSC was close to being launched.

The new domestic bond for the Bundespost, which includes a coupon of 10 per cent for eight years and a price of 100¼, was well received but bankers said it might be difficult to convince foreign borrowers to pay so high a price for a foreign D-Mark bond issue.

Swiss Franc foreign bond prices also took a beating last week. The strength of the dollar, which rose above SwFr 2 on Friday for the first time in three years, and the sharp rise in short term Swiss Franc rates combined to hit bond prices.

However, the 6¼ per cent bond to 1991 for BFCE which started trading at the end of the week was quoted at 101, proof that paper rightly priced can still be sold, although bankers fear that continuing pressure on the franc could necessitate a further rise in coupons soon.

The French Franc Eurobond for Lafarge-Coppee recovered on Friday to 95¼ after starting trading on Monday at a rather dismal 93 bid. The new issue for Solvay offered what some dealers regarded as a very generous coupon of 14¾ per cent.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡Ford Cred. O'seas Fin.	150	1984	3	16	100	Goldman Sachs	16.000
‡§Tipco Fin. NV (g'teed Texas Intl.)	30	1996	15	8½	100	Paribas	8.420
‡Eldorado Nuclear	50	1986	5	13½	99¼	Wood Grundy	13.394
§Varco Intl. Fin. NV	20	1996	15	8¼-½	100	CSFB	*
FRENCH FRANCS							
Solvay et cie.	200	1986	5	14¾	*	BUE	*
SWISS FRANCS							
‡**ISCOR (g'td. S. Africa)	30	1984	—	6½	100	UBS	6.500
‡**§Amada Co.	80	1987	—	4½	100	UBS	4.500
‡**Englehard Intl. Fin. NV	80	1986	—	6	100	Bank Leu	6.000
‡**Svenska Handelsbanken	35	1984	—	6¼	99½	Nordfinanz-Bank	6.439
‡**Standard Bank Imp. & Exp. Fin.	68	1984	—	6½	99½	Dow Banking	6.690
‡EDF (g'teed France)	60	1991	—	6⅜	100	Credit Suisse	6.375
‡EIB	100	1991	—	6½	100	Sodltic	6.500
Voralberg Kraftwerke	50	1991	—	6½	100	Credit Suisse	6.500
GUILDERS							
‖**MacMillan Bloedel	40	1988	7	11	100	Pierson Heldring en Pierson	11.000
YEN							
World Bank	20	1991	10	8¾	*	Nomura Securities	*
GOLD							
‡Refinement Intl. NV	100,000oz	1996	13½	3½	100	Drexel Burnham Lambert	3.250

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ‖ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
Note: Yields are calculated on AIBD basis.

CREDITS BY PETER MONTAGNON

Banks seek higher returns from Italy

ITALY IS coming under growing pressure from international banks to improve the terms on the $2bn earthquake reconstruction credit currently being arranged by Bankers Trust for Cassa per il Mezzogiorno.

The fine terms of the credit, which call for a split ⅝-½ per cent margin over Libor or ½-⅜ over prime rate, are expected to feature at a meeting in London tomorrow called by Bankers Trust to try and persuade more banks to participate.

Although the loan has attracted enough support to cover more than half the amount required, a number of lending institutions have shied away, citing their heavy exposure to the country and unwillingness to commit still more money at margins which barely cover costs.

Italian Government officials are not expected to attend the meeting and it is therefore unlikely to result in any immediate change in the margins, but the bankers present will also be pressing Bankers Trust to share out the special $1m praecipium, or fee, it is receiving itself for arranging the loan, among those that participate.

It is thought that the bank might be prepared to be flexible on this point, though only the borrower itself could agree to a change in margins.

The clear resistance which emerged towards the credit last week marks yet another case where a borrower has had difficulty pushing through a large credit on low margins.

Mexico's Nacional Financiera, which was rebuffed by the market at the start of the month when it tried to raise $300m on terms that included a margin of only ⅞ over prime rate for four years, still had not returned with new proposals by last Friday.

By contrast Sweden's efforts to raise $1bn over traditionally fine margins have already been a conspicuous success even before general syndication begins, which is expected soon. The credit benefited from the unique attraction of a tranche denominated in Special Drawing Rights.

It appears that the problems of the forestry concern, NCB, have had little impact on its progress. Several international banks complained last December to the Swedish Economy Ministry that a $46.5m credit arranged for NCB last year is in technical default because performance criteria have not been met. So far no reply has been forthcoming.

Brazil's Cia Vale do Rio Doce was last week considering an offer from a group of international banks, led by Bankers Trust, Chase Manhattan, Citibank, and Morgan Guaranty, for a loan of $300m. But it is understood that no final agreement on a mandate had been reached.

Elsewhere in Latin America, Ecuador has informally mandated a group of five banks to raise $160m in two tranches. One, of $60m, has a margin of ⅞ per cent for two years falling to ¾ per cent for the remaining six, while the other is for $100m over ten years, starting at a margin of ⅞ per cent for the first five and falling thereafter to ¾ per cent.

The banks involved are ABN, Chase, Chemical, Gulf International and Long Term Credit Bank of Japan. A declining margin was proposed as there is no prepayment penalty and the banks were seeking a higher yield before the amortisation period begins after four years grace in both tranches.

Argentina's Banco de la Provincia de Buenos Aires is raising $250m over four years at a margin of ½ per cent for the first three rising to ⅝ per cent thereafter. Lead managers are Banco di Roma, Bank of Nova Scotia, Crocker, Fuji Bank, and Midland International.

This credit has the merit of being for a popular name in Argentina and for a relatively short maturity. It is not expected to suffer from the current spate of poor economic news emanating from the country, which is by contrast likely to make raising funds rather harder for traditional Argentine public sector borrowers.

U.S. BONDS BY PAUL BETTS

Preparing for an anti-climax

THE U.S. bond market received some Valentines last week, but the sort Al Capone sent to his friends in Chicago.

The biggest victims were the long-term bonds. By Friday evening—despite the release of the latest monetary data, showing that the money supply was still growing at an acceptable pace—yields on Treasury 30-year bonds had risen to record levels of more than 13 per cent.

Although shorter rates rose more moderately, and are still some way from the record levels of last year, they too are expected to come under heavy strain shortly. The pressure on the long end of the market is beginning to shift borrowing to short maturities. And according to a number of Wall Street economists, increased short-term borrowing, especially at banks, will produce an acceleration in monetary growth and, eventually, tighter federal reserves policies.

The latest economic statistics did little to dampen the market's growing pessimism over a significant run up in interest rates. The unexpected two per cent increase in retail sales in January from an upwardly revised December level, coupled with the 0.9 per cent January rise in wholesale prices suggested that the U.S. economy continues to be strong.

Originally, the market had widely expected the economy to weaken early this year, and interest rates to drop. But more evidence of a sustained economy is expected to come this week, when large increases in industrial production and personal income are likely to be reported.

At the same time, the market continues to struggle, under the weight of heavy Treasury borrowing. After the recent record $8.5bn Treasury refinancing, the Government's funding needs over the next two weeks will include about $7.75bn in two and five year notes, $4.5bn in one year bills, to be offered on Thursday, and $4bn in cash management bills, to be sold on Wednesday. During the next few months, Treasury borrowing is likely to total about $20bn or more.

Although President Reagan will finally unveil details of his economic and fiscal budget proposals on Wednesday, the bond market appears to be preparing itself for an anti-climax. In contrast with the foreign exchange market, which has been generally bullish that Mr. Reagan might after all pull it off, the bond market is deeply apprehensive. Failure by Mr. Reagan to announce substantial cuts in the budget is expected to erode market confidence even further.

The current pressures on the long-term debt market, has now forced many corporate borrowers to either shorten maturity or turn to convertible debts. This was the case of a $250m issue on A rated Boeing Company's convertible debentures due 2006 and of a $150m Union Electric Company offering of ten year bonds. The Union Electric bonds were originally scheduled to come to market as 30-year securities, but the maturity was reduced because of the cool response that long term bonds are now receiving.

A number of other nine or ten-year issues are scheduled to be offered this week. They include, among others $250m of General Electric Credit Corporation notes, and $400m of Government guaranteed Chrysler Corporation notes maturing in 1990. The Chrysler notes, scheduled to come to market next Friday, follow the recent approval by the Federal loan guarantee board over the troubled car company's latest financial recovery plan.

Another new medium term offering slated this week, will comprise $100m of Manufacturers Hanover notes due 1991.

Last week, there was good demand for a Citicorp offering of $150m of five year notes. These notes are the first in a series of quarterly offerings by the New York Banks holding company maturing in two to five years.

According to Salomon Brothers, long term straight corporate bonds will comprise only 21 per cent of the monthly issuants of corporate debts in February. Last month, long-term corporate bonds offering totalled about $1.5m while medium-term bonds totalled $1bn and convertible bonds a modest $250m. This month, convertibles are expected to reach $500m, medium-term corporate issues a total of $1.5bn with long-term corporate bonds dropping to about $500m.

U.S. INTEREST RATES (%)

	Week to Feb. 13	Week to Feb. 6
Fed funds wkly. av.	15.86	17.09
3-month Treas. bills	15.62	15.06
3-month CDs	17.10	16.25
30-year Treas. bonds	12.96	12.57
AA industrial	14.13	13.63
AAA utility	15.20	14.50

Source: Salomon Bros., estimates

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	94⅛	94⅝	−0⅛	−2¼	14.58
CECA 11½ 88	100	88⅜	88⅞	−0⅛	−2⅞	14.07
CNE 12¾ 91	100	92⅛	92⅝	−1⅛	−2¼	14.22
Citicorp O/S Fin. 10 88	300	83⅜	83⅞	−0⅛	−3⅜	14.85
Citicorp O/S Fin. 12 87	200	89⅛	89⅝	−0⅜	−3⅛	14.52
Con. Illinois O/S 9¼ 86	150	82⅞	83⅜	−0½	−1⅜	14.46
Denmark 11¾ 90	100	85⅞	86⅜	−1½	−2⅝	14.56
Dupont Canada 13½ 91	65	94⅞	95⅜	−0½	−1⅜	14.48
EEC 11 95 (May)	75	79⅞	80⅜	−0½	−3⅜	14.34
EEC 11 95 (August)	70	79⅝	80⅛	−0⅜	−2⅞	14.34
EIB 13¾ 90	100	96⅛	96⅝	−0⅛	−2⅞	14.40
Eksportfinans 9½ 87	75	81⅝	82⅛	−0⅛	−2	13.91
Elec. de France 10 88	125	81¼	81¾	−1⅛	−3⅜	14.16
Elec. de France 13 88	125	95¼	95¾	−0⅛	−2¼	14.04
Export Dv. Cpn. 12¾ 87	100	93⅞	94⅛	−0⅛	−2¼	14.25
Export Dv. Cpn. 9½ 86	150	83⅛	83⅝	−0½	−2	14.39
Fin. Exp. Credit 10½ 85	50	87½	88	+0⅛	−0⅛	14.41
Finland, Rep. of 9½ 86	100	81⅞	82⅜	−0⅛	−1⅛	14.72
Ford Credit O/S 14⅝ 83	150	96⅛	96⅝	+0⅛	+0⅛	16.44
Ford O/S Fin. 12⅝ 85	250	88⅜	88⅞	+0⅛	−0⅛	16.53
Gaz de France 13½ 86	80	97¼	97¾	−0½	−2⅛	14.22
GMAC O/S Fin. 12 87	100	88¼	88¾	−0⅛	−2¼	14.79
GMAC O/S Fin. 12⅞ 88	100	91½	92	−0⅛	−2¼	14.85
Gen. Mtrs. O/S 11⅞ 87	100	87⅛	87⅝	−1⅞	−3⅛	14.81
GTE Fin. 13⅞ 86 (WW)	50	97⅞	98⅜	−0⅛	−0⅝	14.29
Hudson's Bay 11½ 90	75	84½	85	+0⅛	−2¼	14.55
IBM Canada 10½ 85	50	94¼	94¾	0	−1⅛	12.15
IBM Wld. Trade 12½ 88	200	94¾	95¼	−0½	−2	13.65
Newfoundland 13½ 90	60	93⅞	94⅜	−0⅛	−1⅜	14.72
Nova Scotia 10⅞ 90	50	80	80½	−1⅛	−4¼	14.72
OKB 10 85	50	86⅛	86⅝	−1⅝	−2⅜	14.27
Pemex 11¼ 88	100	84⅝	85	+0⅛	−0½	15.04
Quebec Hydro 11½ 92	100	82⅞	83⅜	−0⅛	−2⅜	14.65
Queb. Hy. 13 91 (WW)	100	91½	92	−0⅛	−2	14.62
Roylease 11¼ 85	50	90⅞	91¼	−0⅜	−1⅜	14.11
SNCF 12⅝ 85	50	94⅝	95⅛	−0⅛	−1⅝	14.00
Sven Handelsbk. 13⅜ 88	45	95⅛	95⅝	−0⅜	−1½	14.78
Sweden 12⅞ 85	150	92⅞	93⅜	−0⅜	−2	14.46
Swed. Ex. Credit 12 83	50	93	93½	−0⅛	−1⅜	15.20
Swed. Ex. Credit 13 88	75	94⅛	94⅝	−0⅛	−1½	14.66
Unilever NV 9¾ 90	100	78⅛	78⅝	−0⅛	−2⅜	13.96
World Bank 9⅜ 85	200	85⅞	86⅜	−0⅛	−1⅜	14.20
World Bank 10⅝ 87	300	84⅛	84⅝	−0⅛	−2½	14.10

Average price changes... On day −0⅛ on week −2½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅞ 90	100	87⅞	88½	−0⅛	−3⅛	10.36
Australia 8⅞ 90	250	88⅞	89½	−3⅛	−4⅞	10.00
Austria, Rep. of 8¼ 92	150	88½	89⅜	−0⅛	−1⅛	9.89
BFCE 8⅞ 95	100	†84⅜	85⅜	−1½	−4⅞	10.14
CECA 7¾ 92	150	†88	88¼	−0½	−1⅞	9.57
CII-Honeywell 8⅞ 90	125	†88	89	−1⅜	−3⅜	10.32
Denmark 8¼ 92	100	†89	90	−1	−4⅞	8.86
EIB 8⅞ 90	200	91⅞	92	−0⅛	−3⅛	9.87
ESCOM 9⅛ 87	100	96¼	97	−0⅛	−0⅜	9.94
Iberduero SA 9 90	100	†93½	94½	−0⅛	−2⅞	9.99
Ind. Bk. Finland 8½ 90	50	†89⅜	90⅛	−0⅛	−0⅜	10.20
Japan Air Lines 8⅞ 87	100	91⅞	92⅜	−0⅛	−1	9.78
Japan Dev. Bank 7⅞ 87	100	88	88½	−0⅛	−3⅛	10.15
Kobe, City of 8 90	100	89	89½	0	−1⅛	9.79
Midland Int. Fin. 8½ 90	180	90⅞	91⅜	0	−1⅜	9.98
Norway 7½ 85	250	92⅛	93⅛	−0⅞	−1	9.72
Nuclebras 9¾ 88	100	†88	89	−0½	−1⅞	12.12
OKB 8⅞ 92	150	†87	88	−1	−1⅜	10.14
Oslo, City of 8⅞ 90	80	96⅛	97	−0⅛	−0⅜	9.31
Venezuela, R. of 9¾ 90	150	94⅛	94⅞	0	−1½	10.67
World Bank 8 90	700	87	87⅛	−0⅜	−2⅜	10.12
World Bank 10 88	150	100⅞	101¼	−0⅛	−2⅛	9.76
World Bank 10 90	200	99⅜	100⅜	−1	−4	9.94

Average price changes... On day −0⅞ on week −2⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	†94	95	−0½	−1⅛	6.15
Bayer Int. Fin. 5¾ 92	100	92½	92¾	−2	−2⅜	6.15
Bergen, City of 6 90	50	96½	96¾	−0⅛	−3½	6.49
Buhrm'n-Tetterode 7 90	40	†102	103	−0⅛	−1⅛	6.62
Copenhagen Tele. 5¾ 90	60	92	92½	−0⅛	−1⅛	6.87
Denmark 5¾ 90	90	91¾	92	−1⅛	−2⅜	6.96
EIB 4¾ 94	100	79¾	80	−1⅛	−4	6.88
Elec. de France 5¼ 90	100	92⅛	92⅞	−1⅛	−3½	6.27
Eurofima 5⅞ 92	80	†101	102	0	−0⅜	5.57
F. G. H. Hypo. Bk. 6 90	50	†92½	93	−3	−6⅜	7.08
Finland, Rep. of 5⅞ 90	80	91⅛	91⅞	−1½	−0⅜	6.82
GZB 4¾ 89	100	82⅜	83	−0⅛	−2⅜	6.93
Int.-Amer. Dev. 7 90	80	100¼	100½	−1⅞	−2⅞	6.94
Japan Dev. Bank 5¾ 90	100	96⅜	96⅞	−0⅛	−1½	6.20
Jutland Tele. 5½ 90	50	†92	92½	−0⅛	−1⅛	6.67
Mt. Blanc Tunnel 5½ 90	60	92½	92⅝	−1⅛	−2⅜	6.58
Neweg 5¾ 90	80	94	94⅛	−1½	−1⅜	6.60
Nippon Tel. & T. 4¾ 89	100	86	86⅞	−3¼	−3⅜	6.39
Norges Komm. 4¾ 91	100	81½	81⅝	−2	−3½	6.86
OKB 4¾ 91	100	82	82¼	−0⅛	−2⅜	6.78
OKB 6 90	100	†97	99	−0⅛	−1⅛	6.29
Oslo, City of 4½ 91	100	†82½	83	−0½	−1⅜	6.68
Oslo, City of 6⅞ 90	80	95⅜	95⅞	−1⅛	−1½	6.47
Philips Lamps 5⅞ 92	100	91¼	91½	−0⅛	−1⅛	6.33
Sekisui Pre. Hms. 6 90	80	94⅜	94⅝	−1⅛	−2⅞	6.61
Shikoku El. Pwr. 4¾ 89	100	91½	91⅝	−1⅛	−4⅜	6.03
Trade Dev. Fin. 6¼ 90	50	92⅜	93	−0⅛	−1⅛	7.17
Voest-Alpine 5⅜ 90	80	93¼	93½	−0⅛	−1⅛	6.70

Average price changes... On day −1⅛ on week −2⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92	93	0	−0⅛	8.84
Australia 6⅞ 88	20	88⅛	89⅛	−0⅛	0	8.65
EIB 7⅜ 89	12	93	94¼	−0⅛	−0½	8.83
Finland 5.6 83	10	91⅛	92⅛	0	0	9.13
Finland 6.8 88	10	87⅛	88⅛	0	0	9.21
Finland, Rep. of 8⅞ 87	15	96⅛	97⅛	0	−0⅛	9.03

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 88 C$	60	90⅞	91⅜	−0⅛	0	13.00
CIBC 13½ 85 C$	50	†98	98⅞	−0⅛	0	13.98
CIBC 11½ 85 C$	60	†92	92⅞	−0⅛	−0⅛	13.88
Federal Dev. 11½ 90 C$	60	†85⅜	86⅞	−0⅛	0	14.20
Fst. Can. Inv. 10 84 C$	50	†88⅞	89½	−0⅛	−0⅛	14.36
R. Bk. Canada 10 86 C$	40	90⅛	90⅝	+0⅛	0	12.58
Tordom Cpn. 13½ 85 C$	30	†98	98⅞	0	+0⅛	13.98
M. Bk. Dnmk. 9 91 EUA	25	89½	90⅛	0	−1⅛	10.57
SOFTE 8¼ 89 EUA	40	86¼	88	0	−0⅛	10.63
U. Bk. Nrwy. 9½ 90 EUA	18	97⅜	99	0	−0⅞	9.77
Bk. Mees & H. 10 85 Fl	75	96⅛	96⅞	+0⅛	−1⅛	10.40
F. G. Hypo 9¾ 87 Fl	60	93⅛	93⅜	−0⅞	−0⅛	11.77
Heineken NV 10 87 Fl	100	94⅝	95⅛	−0⅛	−1⅛	11.13
Nat. Inv. Bk. 10 87 Fl	75	94½	95	−0⅛	−2	11.15
Nat. Nader. 9½ 87 Fl	60	93⅛	93⅞	−0⅜	−1	10.92
Ned. Midd. Bk. 10 85 Fl	75	98⅛	99⅛	−0⅛	−1	10.25
Aero Paris 13⅞ 87 FFr	150	95⅞	96⅞	−0⅛	−0⅛	14.14
Charb'nages 13⅞ 85 FFr	400	98½	99½	0	−0⅛	14.14
CECA 14¼ 86 FFr	150	99½	100½	0	−0⅛	14.22
EIB 14⅞ 88 FFr	300	99⅞	100⅛	−0⅛	−0⅛	14.19
Finland 11 84 FFr	80	90⅞	91⅞	0	−0⅛	14.11
Gaz de France 11 84 FFr	150	91⅞	92⅞	−0⅛	−0⅛	13.70
La Redoute 14⅞ 85 FFr	125	95⅞	96⅞	0	−0⅛	15.51
OKB 14 88 FFr	400	98⅛	99⅛	0	−0⅛	14.25
Utd. Mex. Sts. 14 85 FFr	150	97⅞	98⅞	−0⅛	−0⅛	14.47
Acena 14 85 £	20	94⅝	95⅜	−0⅛	−0⅛	15.50
Beneficial 14½ 90 £	20	94⅛	94⅞	−0⅛	−0⅛	15.36
Beneficial 14⅛ 90 £	20	94⅛	94⅞	0	−0⅛	15.34
BNP 13½ 91 £	15	95⅛	96⅛	−0⅛	−0⅛	14.32
CECA 13½ 88 £	20	96⅛	96⅞	−0⅛	−0⅛	14.24
Citicorp O/S 13½ 90 £	50	95⅞	96⅛	+0⅛	0	14.31
Fin. for Ind. 14½ 88 £	20	100⅛	100⅞	0	−0½	14.37
Fin. for Ind. 13¾ 87 £	20	97½	98⅛	+0⅛	+0½	14.21
Gen. Elec. Co. 12½ 89 £	50	94	94¾	−0⅛	0	13.68
Peugeot SA 14 90 £	23	94	94¾	−0⅛	−0⅛	15.10
Rothschild 14⅝ 90 £	12	98⅛	99⅛	0	+0⅛	14.45
Swed. Ex. Cr. 15⅛ 85 £	20	103⅛	104	−0⅛	−0½	14.00
Banobras 8¾ 90 KD	7	†87⅜	87⅞	0	0	10.44
CCCE 8⅞ 91 KD	10	†82½	83	0	+0½	11.04
Sonatrach 8½ 90 KD	12	†88⅛	88⅞	0	0	10.53
Akzo 8⅞ 87 LuxFr	500	91⅞	92⅞	+0⅛	+0⅛	10.95
Euratom 9⅞ 88 LuxFr	500	95	96	0	−1	10.70
Eurofima 10½ 87 LuxFr	500	97⅞	98⅞	0	−0⅛	10.83
EIB 9¾ 88 LuxFr	600	94⅞	95⅞	−1⅛	−1⅛	10.72
Volvo 9⅞ 87 LuxFr	500	92¼	93¼	0	−0⅛	11.20

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¾ 87	0¼	†98⅞	99⅜	2/7	16⅝	16.73
Bank of Montreal 5¼ 90	0¼	99⅜	99⅞	18/6	19½	19.57
Bank of Tokyo 5⅞ 89	‡0⅛	98½	99	25/4	19.31	19.56
BBL Int. 5 86	0¼	98½	99	20/5	16½	16.71
Bergen Bk. A/S 6 89	‡0¼	†98⅛	98⅝	29/2	18.19	18.49
BNP 5½ 88	‡0⅛	99	99½	29/4	18.69	18.83
CNT 5¾ 86	§0¼	98½	99	16/4	13⅛	13.42
Christiania Bk. 5½ 91	‡0¼	97⅛	97⅝	5/5	17⅝	18.21
Citicorp O/S F. 84	‡0	98⅞	99⅛	28/2	17.56	17.74
C. Itoh 5¾ 87	0¼	98½	99	18/3	12⅞	13.04
Co-operative Bk. 6 86	0¼	97⅛	97⅝	15/5	15⅛	15.66
Den Norske Credit 6 90	0¼	†97½	98	6/5	17⅞	18.16
Genfinance 5¾ 87	0¼	98⅜	98⅞	30/4	15⅛	15.34
Giro und Bank 5¾ 91	0¼	98⅜	99⅛	23/3	20½	20.73
GZB 5½ 89	‡0¼	98⅜	98⅞	1/5	17⅞	18.12
Ind. Bank Japan 5¾ 87	0¼	97⅞	98⅜	16/4	13.31	13.57
Ind. Bank Japan 5¾ 88	0¼	97½	98	8/4	13⅛	13.43
Lloyds Eurofin 8 90 £	0¼	96	96½	3/7	14½	15.08
Lloyds Eurofin 5¼ 92	0¼	97⅜	97⅞	4/6	17⅞	17.87
LTCB Japan 5¼ 86	0¼	100⅛	100⅝	13/6	20.19	20.09
Man. Hanov. O/S 5¼ 94	‡0⅛	98	98½	28/2	18⅛	18.45
Midland Intl. Fin. 5 89	0¼	†99⅛	99⅝	30/6	19.56	19.66
Midland Intl. Fin. 5¼ 92	0¼	97⅞	98⅜	5/6	17.19	17.52
Nacional Fin. 6¼ 86	0¼	98⅞	99⅛	25/7	17⅛	17.81
Nat. West. 5¼ 94	§0⅛	96⅜	97⅛	14/4	13⅛	13.68
Nat. West. 5¼ 92	§0⅛	97⅛	97⅝	23/4	13.69	14.06
Nippon Credit 5¾ 87	‡0⅛	99	99½	6/5	17.44	17.57
Sparebanken 6 87	0¼	98⅞	99⅜	18/6	19⅞	20.10
Standard Chart. 5¾ 90	0¼	98⅜	98⅞	6/3	12.06	12.23
Svenska Hndlsbk. 5 87	0¼	98⅞	99⅜	16/7	17.81	17.97
Bq. Ex. d'Alg. 4¾ 89 SF	0⅛	†90	91	18/6	7½	8.29

Average price changes... On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	102⅜	103⅜	0	21.07
Canon 6¾ 95	1/81	829	105⅞	106⅞	−2½	3.71
Credit Suisse 4¾ 93	10/79	1278	86	88	+0⅛	−3.88
Digicon Fin. 8½ 95	10/81	29.5	96½	97½	0	13.87
Enserch Fin. 9½ 94	7/80	30.25	157	158	−4½	−2.75
Henson O/S Fin. 9¾ 95	1/81	1.82	104⅞	105⅞	+0⅛	−1.61
Ina Overseas 8¾ 2000	4/81	42	99⅜	100⅜	−0⅛	10.88
Inchcape Ltd. 8 95	2/81	4.55	92⅛	93⅛	+0⅛	2.12
Jacks 7½ 95	11/80	565	128⅜	129⅜	−2⅛	−3.21
Marion Int. Fin. 9 95	12/80	23.25	89	90½	−0⅛	70.34
Matsushita El. 7½ 95	11/80	590	100⅜	102⅛	−1⅛	9.64
MEPC 8¼ 96	2/81	2.47	102	103	+0⅛	8.75
Niigata Eng. 7½ 96	1/81	327	103⅛	104⅛	−2½	−0.85
Nissho-Iwai Co. 6 96	10/80	398	92⅛	92¼	−1⅞	−4.32
Ricoh 6⅞ 95	8/80	604	114⅛	115½	−3⅛	−2.13
Sumitomo M. Ind. 7 95	2/81	181	106¼	107¼	−2	2.17
Swiss Bk. Cpn. 6¼ 90	9/80	200	84	86	−4	16.30
Taylor Woodrow 8¾ 90	1/81	4.94	97⅞	98⅛	+0⅛	5.33
Transco Int. 8¾ 95	2/81	66	86⅛	87⅛	−0⅛	29.64
Tricorp 8½ 95	12/80	31.25	92	93⅛	−0⅛	9.23
Union Bk. Switz. 5 89	2/80	121.4	83	85	0	−15.32
Fujitsu 5 84 DM	7/78	431.5	138⅛	139⅛	−7¼	−7.30
Sharp Cpn. 6½ 86 DM	9/80	595	141	142	−0½	−3.78
Uny Co. 6½ 86 DM	11/78	967.3	114⅞	115⅞	−0⅛	−1.11

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week	1,258.5	3,048.5
Previous week	1,846.2	3,517.6
Other bonds		
Last week	335.5	383.1
Previous week	372.5	424.0

* No information available—previous day's price.
† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Credit Commercial de France (Secs.) London; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Manufacturers Hanover; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Orion Bank; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on February 13

WORLD STOCK MARKETS

NEW YORK

Indices

NEW YORK —DOW JONES

	Feb. 13	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 6	1980/81 High	1980/81 Low	Since C'mpil't' High	Since C'mpil't' Low
◆Industr'ls	951.57	956.60	942.49	948.65	947.18	952.30	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	63.00	63.15	63.14	63.59	63.87	63.85	76.61 (25/6)	60.56 (16/12)	—	—
Transport..	389.37	391.79	396.54	401.19	402.54	408.64	425.68 (28/11)	235.69 (27/3)	425.68 (28/11/80)	12.23 (8/7/32)
Utilities...	108.11	109.29	110.15	110.81	111.67	112.20	117.81 (6/1/81)	95.04 (27/3)	165.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	33,560	34,700	37,770	40,820	38,360	45,920	—	—	—	—

◆Day's high 940.19 low 926.45

Ind. div. yield %	Feb. 6	Jan. 30	Jan. 23	Year ago (approx)
	5.75	5.75	5.79	6.60

STANDARD AND POORS

	Feb. 13	Feb. 12	Feb. 11	Feb. 10	Feb. 9	Feb. 6	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls...	144.11	144.54	145.44	146.56	146.55	148.13	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
‡Composite	126.33	127.48	128.24	129.24	129.27	130.60	140.52 (28/11)	98.22 (15/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Feb. 12	Feb. 4	Jan. 28	Year ago (approx)
Ind. div. yield %	4.67	4.70	4.57	4.81
Ind. P/E Ratio	9.07	9.09	9.23	8.45
Long Gov. Bond Yield	12.61	12.52	12.11	11.85

N.Y.S.E. ALL COMMON

Feb. 13	Feb. 12	Feb. 11	Feb. 10	1980/81 High	1980/81 Low
72.80	73.05	75.47	75.98	81.02 (20/11)	55.30 (22/1/80)

Rises and Falls	Feb. 13	Feb. 12	Feb. 11
Issues Traded...	1,857	1,847	1,856
Rises	518	463	535
Falls	933	968	922
Unchanged	406	416	399
New Highs	—	30	41
New Lows	—	24	16

MONTREAL

	Feb. 13	Feb. 12	Feb. 11	Feb. 10	1980/81 High	1980/81 Low
Industrials	371.50	371.23	370.60	374.19	423.80 (29/2/80)	323.51 (27/3)
Combined	352.82	353.16	353.00	356.55	378.96 (20/10)	296.90 (27/3)
TORONTO Composite	2225.1	2229.7	2257.73	2256.0	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Digital Equipmnt.	526,000	82	−1⅞	Ralston Purina...	367,600	11⅞	−⅛
Sony	446,000	15⅛	−⅛	FT. Pen. Mtg. ...	365,000	1⅞	—
Gen. Pub. Ut. ...	410,300	4⅞	+⅛	Reynolds Ind. ...	358,100	42⅝	−1⅞
Boeing	395,500	34⅞	−⅜	Pepsico	329,600	31½	−½
IBM	373,000	61⅝	−⅛	Comp. Science...	271,400	18	+1⅛

	Feb. 13	Feb. 12	Feb. 11	Feb. 10	1980/81 High	1980/81 Low
AUSTRALIA All Ord. (1/1/80)	655.8	658.5	663.2	670.2	746.2 (17/11)	509.1 (6/1/80)
Metal & Minrls. (1/1/80)	585.3	595.2	608.5	619.1	818.0 (17/11)	492.3 (28/5)
AUSTRIA Credit Aktien (2/1/62)	64.13	64.09	64.81	64.37	69.40 (7/1/80)	64.81 (11/2/81)
BELGIUM Belgian SE (31/12/63)	84.64	85.51	83.21	82.72	105.75 (11/2/80)	82.42 (7/1/81)
DENMARK Copenhagen SE (1/1/73)	104.98	104.10	104.00	105.22	104.98 (13/2/81)	74.78 (6/6)
FRANCE CAC General (29/12/61)	106.9	107.0	106.90	107.2	120.3 (5/11)	97.1 (3/1/80)
Ind Tendance (31/12/80)	99.6	99.5	98.90	98.9	100.0 (31/12/80)	95.4 (27/1/81)
GERMANY FAZ-Aktien (31/12/59)	216.64	217.85	217.85	215.96	238.88 (25/2/80)	212.78 (28/8)
Commerzbank (Dec.1953)	668.5	672.2	673.1	666.8	749.2 (25/2/80)	666.8 (9/2/81)
HOLLAND ANP-CBS General (1970)	89.5	89.5	89.9	89.7	90.0 (9/2/81)	74.0 (27/5)
ANP-CBS Indust. (1970)	67.5	67.1	67.1	66.7	68.2 (11/1/80)	58.2 (28/5)
HONG KONG Hang Seng Bank (31/7/64)	1673.67	1676.95	1604.05	1622.15	1654.67 (13/11)	738.9 (19/5)
ITALY Banca Comm. Ital (1972)	213.67	208.56	208.88	211.95	215.67 (13/2/81)	83.11 (2/1/80)
JAPAN Dow Average (16/5/49)	7207.22	7261.49	(c)	7261.56	7522.08 (2/2/81)	6475.95 (27/3)
Tokyo New SE (4/1/68)	504.27	507.41	(c)	507.56	511.94 (2/2/81)	449.01 (10/5)
NORWAY Oslo SE (1/1/72)	116.22	116.94	118.82	118.38	144.70 (14/2/80)	110.12 (28/8)
SINGAPORE Straits Times (1966)	773.73	771.55	763.79	764.38	778.73 (13/2/81)	429.75 (3/1/80)
SOUTH AFRICA Gold (1958)	598.9	579.9	609.8	641.7	1028.1 (22/9)	498.5 (18/3)
Industrial (1958)	552.0	552.8	552.3	553.8	660.5 (5/11)	456.0 (2/1/80)
SPAIN Madrid SE (30/12/80)	113.91	112.56	111.46	110.55	113.91 (13/2/81)	100.0 (30/12/80)
SWEDEN Jacobson & P. (1/1/58)	463.39	455.57	447.15	444.3	463.39 (13/2/81)	334.72 (17/1/80)
SWITZERLAND Swiss BankCpn. (31/12/58)	287.0	287.6	290.9	291.9	317.9 (11/2/80)	275.0 (28/8)
WORLD Capital Intl. (1/1/70)	—	152.5	153.4	154.4	154.8 (20/11)	128.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. (c) Closed.

CANADA

HOLLAND

HONG KONG

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

GERMANY

AUSTRALIA

AUSTRIA

BELGIUM/LUXEMBOURG

FRANCE

DENMARK

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.89 (Discount of 31%)

BRAZIL

TEL AVIV

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

IMPERIAL CHEMICAL INDUSTRIES LIMITED

6½% BONDS DUE 1982

NOTICE is hereby given that in carrying out the operation of the sinking fund of 15th March, 1981 in respect of the above Loan Bonds for U.S.$413,000 have been purchased and the undermentioned Bonds amounting to U.S.$5,587,000 were this day drawn by RICHARD GRAHAM ROSSER (of Messrs. De Pinna, Scorers & John Venn), Notary Public, for repayment at par on the 15th March 1981, from which date all interest thereon will cease:

BOND NUMBERS

5587 Bonds at U.S.$1,000 = **U.S.$5,587,000**

THE abovementioned Bonds with Coupons due 15th March 1982 attached may be lodged for repayment on or after the 16th March 1981 at the Offices of J. Henry Schroder Bank & Trust Co, 1 State Street, New York, N.Y. 10015, U.S.A., Bank Mees & Hope, 1000 AG Amsterdam, Banque Generale du Luxembourg, 14 rue Aldringen, Luxembourg, Union Bank of Switzerland, Bahnhofstrasse 45, Zurich, Swiss Bank Corporation, Aeschenvorstadt 1, Basle, Swiss Credit Bank, Paradeplatz, Zurich.

London, the 2nd February, 1981

Building and Civil Engineering

Taylor Woodrow busy in Nigeria

FIVE contracts totalling more than £20m have been awarded to Taylor Woodrow of Nigeria. The two largest are the Kano-Katsina road project and the Minna township roads scheme.

The Kano-Katsina contract, worth £5.9m, has been awarded by the Nigerian Federal Ministry of Works for the asphaltic concrete overlay of the Jibiya road in the Kano and Kaduna states of Northern Nigeria. The asphalt will be laid in two courses, a binder course 40 mm thick and a wearing course 25 mm thick, over a total route length of 117 km.

In addition, all failed pavement sections, damaged culverts and drainage works are to be repaired and road shoulders rehabilitated and covered with two layers of surface dressing. Completion is due next November.

The Minna Township contract worth £10m, covers the building of further side roads and a 7.5 km dual carriageway by-pass at the state capital of Niger State. The work involves complete reconstruction of 14.8 km of existing roads, including extending and rebuilding culverts and side drainage, and the installation of street lighting.

The by-pass road is intended to carry through traffic to the west of Minna and will be built through country that is now open bush. The two 7.15 metre wide carriageways will be separated by a kerbed median with a drainage channel. A two-span 24-metre reinforced concrete bridge and the installation of street lighting at junctions are also included in the contract.

Two smaller contracts, together worth just under £1m, cover the building of a feeder road and a water supply installation for Ajuba, the new federal capital of Nigeria.

At Sapele a contract valued at £2.8m has been awarded by Life Flour Mill for civil engineering work at a new flour mill. As well as main steelwork, produced by Octavius Atkinson, another Taylor Woodrow company, the contract includes building the foundations and walls of five grain bins each designed to hold 5,000 tons of wheat. Each bin will rest on 70 85 ft Raymond piles. An extension to the jetty to unload grain ships from North America will also be built.

The fifth and smallest contract, awarded by the United Africa Company (UAC) and valued at £300,000, is for the reconstruction of a warehouse at Jos.

£4.6m office block in Salisbury

WORK IS to start soon on a £4.6m office block in Castle Street, Salisbury, Wilts.

The contract has been awarded to Sir Robert McAlpine and Sons by United Temperance and General Provident Institution and the 46 by 42 metres on plan structure will be of reinforced concrete frame construction on piled foundations. The building will be set above a 4 metres deep basement and incorporate a central courtyard.

Over 12,000 cubic metres of excavation is involved and extensive dewatering is to be undertaken.

Architects are Chapman Taylor and Partners, the quantity surveyors are Wakeman Trower Partnership and the consulting engineers, Andrews Kent and Stone.

Wiltshiers start £8m project

WORK HAS been started by Wiltshiers on a negotiated £8m office development in Kings Road, Reading, for Thorn Pension Fund.

The contract will be carried out in liaison with project manager Town and City Properties. Over 9,000 sq. metres of office space with parking for about 150 cars at ground and basement levels will be provided.

The seven storey building is expected to be completed before the end of 1982, with the complete structural frame requiring only 12 weeks for erection, using a system of pre-cast concrete units with steel connections welded on site.

Architects for the development are Eric G. V. Hives and Sons and quantity surveyors are Ernest Pelling and Partners while structural engineers are Jan Bobrowski and Partners.

Starting at the bottom

THE SUBSTRUCTURE contract for the proposed International Conference Centre at Storey's Gate, Westminster, London SW1, has been awarded by the Property Services Agency to John Mowlem and Co. The contract, valued at £3.3m, involves deep-bored piling work, the building of three basement levels by top-down methods, and the completion of a ground floor slab.

The work entails the laying of two 2-metre diameter bored piles to depths down to 30 metres, housing steel stanchions of a reinforced concrete base. Excavation for the first basement level will follow, with the slab cast on to formwork supported by the subsoil. The slab will provide lateral support for the perimeter base walls, already built by diaphragm wall technique under a separate contract.

The Mowlem contract also covers internal partition walls, drainage, mechanical and electrical work and the demolition and removal of an existing flood protection wall. Completion is due early next year.

Architects for the Conference Centre are Powell Moya and Partners and the quantity surveyors Monk and Dunstone.

More work for A. Hall in Aberdeen

ON TOP of the £5.5m already won this year, Alexander Hall and Son (Builders) has been awarded three contracts worth over £3.6m, all in Aberdeen.

The largest contract, worth nearly £2m, is for an office block for Total Oil Marine. Work now under way is due for completion in 12 months.

For the University of Aberdeen, Hall is to carry out an extension to the library under a contract valued at over £1m while the third contract, for Grampian Regional Council, is for an extension to Westhill Academy worth almost £600,000.

Wimpey to build hotel in Plymouth

CONSTRUCTION of a 100-bedroom hotel at Marsh Mills, Plymouth, for Novotel (UK) is due to start today. Wimpey has won the £2.2m contract.

The hotel, in four storeys, will have two wings. Included in the development is a single storey amenity block, and a plant building.

The bedroom blocks will be primarily in Bison wall frame system with precast concrete walls and floors, while the amenity block will be steel framed with brickwork/glazed aluminium cladding.

Architects are Marsham, Warren and Taylor.

Plastics window frames

THE VOLUME of plastics materials used for the manufacture of window frames could rise to 20,000 tonnes a year by 1985 from less than 6,000 tonnes last year, according to an estimate by the British Plastics Federation. The BPF has just set up a new body, the British Plastics Windows Group, representing 40 manufacturing companies, to provide information about a new technique in window forming.

Apart from the known fact that plastics (mainly unplasticised PVC) frames do not create "thermal bridging," with the consequent problem of condensation, the BPF claims that PVC frames, usually toughened by the addition of other suitable plastics to the mix, can now be extruded to very close tolerances so that a draughtproof and waterproof fit in the masonry is achieved.

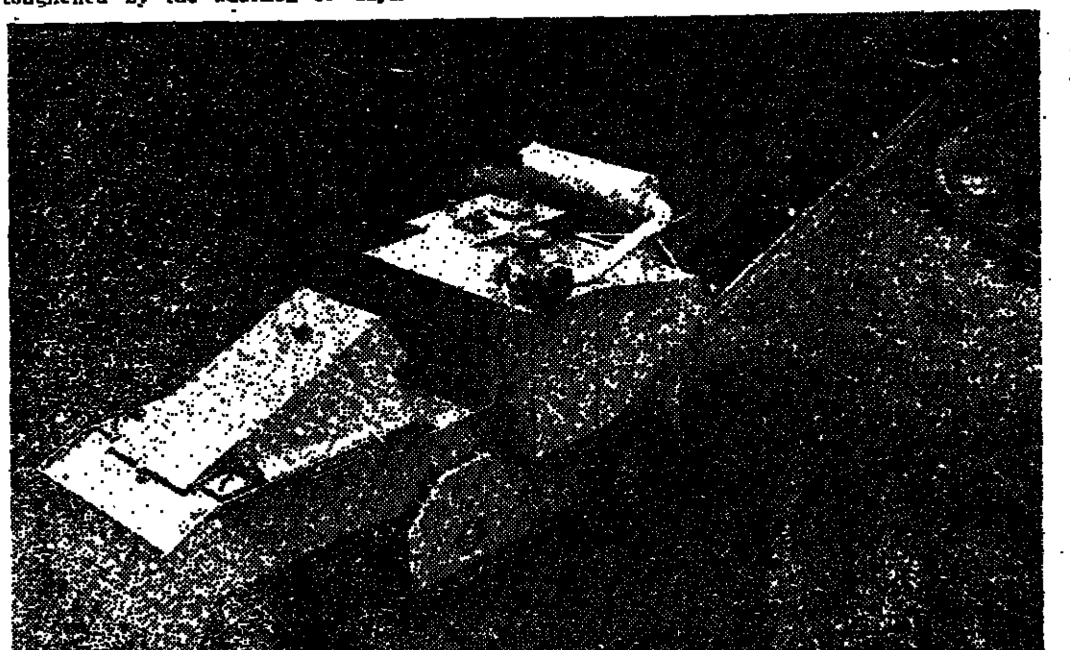
In West Germany last year plastics windows took 45 per cent of the market in competition with wood, steel and aluminium. In Britain the comparable figure was about 1 per cent, although for domestic windows the market share grew to more than 4 per cent.

The BPF is anxious to refute what is believed to be a common misconception about white plastic window frames. They do not turn yellow with age, it says.

Improving the store

UNDER A contract worth over £2m Bovis Construction is to refurbish the former Lewis's department store building in The Haymarket, Bristol, which has been bought by the John Lewis Partnership.

Under a major part of the contract Bovis will act as management contractor for the project but it will also do a substantial amount of the refurbishment work itself. Work has started on several floors and the major part of the contract is to be completed within six weeks.



This machine for cold planing asphalt and concrete road surfaces, built by Arrow Construction of Blyth, Northumberland, is powered by a 360 General Motors diesel engine. It has a 2 metres wide cutter drum and can plane to preset depths ranging from ½ in to 6 in while advancing at 31 metres a minute

£3.3m Laing awards in north-west

TWO UNITS for the elderly severely mentally infirm are to be built in Lancashire by John Laing Construction under contracts worth nearly £3.3m awarded by the North-West Regional Health Authority.

The units—one in Blackburn, the other in Accrington—will each have 56 beds and 50 day places and will be equipped with day, rehabilitation, occupational and physiotherapy centres. Work has begun at Accrington and will start soon at Blackburn.

The three-storey Accrington block is being built under a £1.7m contract opposite the town's Victoria Hospital. Construction will be of reinforced concrete frame with facing brick cladding and incorporating a steel-framed plant room with metal cladding. The development also involves alterations to existing hospital kitchens and other siteworks including roads and parking areas.

Architects are Lovelock Mitchell and Partners; consulting engineers are Bingham Blades and Partners (structural) and the Regional Health Authority (mechanical and electrical); quantity surveyors are Tozer Gallagher and Partners.

Fitting out a London bank

A CONTRACT valued at around £3m to fit out for Midland Bank International the newly completed St. Magnus House, at Lower Thames Street, London, EC3, has been won by John Lelliott.

The ground floor reception area will be altered to incorporate additional swing and revolving doors and a computer control room with raised modular floor will be installed at mezzanine level. Open plan offices will be formed on ground to sixth floors while staff dining facilities, rest rooms and kitchens will be located on the seventh and eighth floors. Work is due to start on March 2.

The architect is the Whinney Mackay Lewis Partnership.

Planning a power station

APPROVAL BY the Queensland State Government of a 1400 MW coal-fired power station in Central Queensland is to be followed by a study of possible sites by consultants Ove Arup and Partners, Australia.

It is proposed to use coal from the Curragh mine, west of Rockhampton and the consultants are to make economic comparisons of alternate sites taking into account the local topographical and geological conditions. The study is expected to take 20 weeks. British Electricity International will act as sub-consultant.

More work for Cementation

THREE design and construct contracts totalling £3m have been won by Cementation Projects, a Trafalgar House company.

The largest, at £1.9m is for a milling plant for Pfizer in Sandwich, Kent.

Following completion of a £2m distribution centre for brewer Tolly Cobbold at Ipswich, Cementation Projects has been awarded a further design and construct contract for a vehicle maintenance garage on the same site.

Another contract has been awarded by Dunibila, UK subsidiary of the Dunibila Group of Sweden. This £1m scheme is for a factory and offices on a greenfield site on the Whitehouse Industrial Estate, Runcorn.

A change of scene

THE TRANSFORMATION of a derelict coal-handling site used as a rubbish tip and scrapyard into a modern industrial complex with its own small lake has won an award for environmental enhancement to the mineral fibre manufacturer Rockwool, owned jointly by British Petroleum and the Danish-based Rockwool company.

The Business and Industry Panel for the Environment presented the award to Rockwool for its new complex at Pencoed, near Bridgend, South Wales, which employs 230 people to manufacture a range of products from mineral raw materials.

The 80-acre site, disfigured by rubbish and the rusting remains of old cars, was chosen by Rockwool in 1977 after a year-long search for the most suitable location for its first factory in Britain. The transformation was completed in August 1979. Now there are 16,280 sq metres of manufacturing and office space and a special amenity building for staff, including a restaurant open 24 hours a day.

The Rockwool complex was nominated for the environmental award by the local authority, Ogwr Borough Council. The architects responsible for the transformation plan were the Harry Weedon Partnership and Luc Markies Associates.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	Birmingham Post/Evening Mail Boat and Caravan Show (021 236 3366) (until Feb. 22)	NEC, Birmingham
Feb. 15-18	International Men's and Boys' Wear Exhibition (021 705 6707)	Olympia
Feb. 18-19	Marketing Services Exhibition (01-680 7525)	West Centre Hotel, London
Feb. 22-26	Gifts Fair (0277 230501)	Metropole Exb. Hall, Brighton
Feb. 23-26	Photography at Work Exhibition (01-688 7788) ...	Wembley Conf. Centre
Feb. 23-28	Effluent and Water Treatment Exhibition (01-637 2400)	NEC, Birmingham
Feb. 23-28	International Construction Exhibition 81—Public Works and Municipal Services Congress and Exhibition (01-637 2400)	NEC, Birmingham
Feb. 24-28	National Stamp Exhibition—STAMPEX (01-930 6465)	New Horticultural Hall
Feb. 25-26	Workwear and Career Apparel Exhibition (01-643 8040)	West Centre Hotel, London
Mar. 1-5	Autoquip Exhibition (01-235 7000)	Wembley Conf. Centre
Mar. 2-6	International Food and Drink Exhibition (01-486 1951)	Olympia
Mar. 8-11	Junior Fashion Fair (01-636 1833)	New Horticultural Hall, London
Mar. 10-13	International Powder Technology and Bulk Solids Exhibition and Conference (01-686 5741)	NEC, Birmingham
Mar. 10-21	Chelsea Antiques Fair (0727 56069)	Old Town Hall, Chelsea
Mar. 10-Apr. 4 ...	"Daily Mail" Ideal Home Exhibition (01-353 4000)	Earls Court

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Household Goods, Glassware, Ceramics, Hardware and Tools-MACEF (01-404 0520) (until Feb. 17)	Milan
Current	International Games and Toys Exhibition (01-439 3964)	Paris
Current	International Garden, Hobby, DIY, Leisure and Boat Exhibition (0202 732648) (until Feb. 22)	Hamburg
Current	International Confectionery, Chocolate, Biscuit Trade Exhibition—INTERSUC (01-439 3964) (until Feb. 18)	Paris
Feb. 18-25	International Food Fair—SALIMA (01-278 0281) ...	Brno
Feb. 20-Mar. 1 ...	International Boat Show (01-874 6034)	Stockholm
Feb. 28-Mar. 1 ...	Finnish Shoe and Boot Fair (01-486 1951)	Helsinki
Feb. 28-Mar. 3 ...	Oil, Petrochemicals, Energy Exhibition and Conference (01-580 5816)	Alkhobar
Feb. 28-Mar. 6 ...	International Tourism Exchange Exhibition (01-540 1101)	Berlin
Mar. 8-15	International Agricultural Exhibition (01-439 3964)	Paris
Mar. 13-15	International Children and Young People Trade Fair (01-409 0956)	Cologne

BUSINESS AND MANAGEMENT CONFERENCES

Feb. 17	IPA: Consultation on major issues at company level (01-222 0351)	The Queens Nursing Institute, SW1
Feb. 18	Institution of Public Health Engineers: Microelectronics in public health engineering (051 236 6066)	Park Hall Hotel, Charnock
Feb. 18	The Henley Centre for Forecasting: Forecasts for exchange rates (01-353 9961)	London Press Centre, EC4
Feb. 18	ESC: Efficient treatment of corporate tax losses (057-282 2711)	Holiday Inn, NW3
Feb. 19	Oyez-IBC: Stock—the new rules affecting tax, accounting and stock levels (01-242 2481)	Royal Lancaster Hotel, W2
Feb. 22-25	ICSC: The dynamics of retailing in the 1980s (0734 861101)	Monte Carlo
Feb. 24-25	Crown Eagle Communications: Cost estimating for non-competitive defence contracts (01-636 0617)	Hotel Russell, WC1
Feb. 25	FT Conference: Developing the corporate report—European perspectives (01-621 1355)	Brussels
Feb. 25	Gower Conferences: Insurance Law—the new reforms (UK and EEC changes) (01-240 5931)	Cafe Royal, W1
Feb. 25	Productivity Consulting Services (Edinburgh): Motivating people to improve productivity (031-449 4648)	Cafe Royal, W1
Mar. 2-4	British Institute of Management: Three consecutive one-day seminars—Redundancy, legal and social obligations (for employers); Helping yourself to a new future (for redundant managers and executives); Building your own business (for those who wish to become self-employed) (01-405 3456)	Clifton-Ford Hotel, W1
March 2-5	IPM: Preparing and presenting your own tribunal case (01-387 2844)	Embassy Hotel, W2
March 4	AGB Conference Services: The Autoquip 81 seminar—Profits in the aftermarket (01-353 3651)	Wembley Conference Centre
March 4-5	City Financial Conference Services: Changing World Insurance Markets—London at Risk? (01-628 3040)	Rainbow Suite, W8
Mar. 4-5	The Henley Centre for Forecasting: Practical training in forecasting quantitative techniques of forecasting (01-353 9961)	Blackfriars, EC4

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

COMPANY NOTICES

SEMINARS

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Adler makes debut in small computer scene

SINCE THERE are already some 75 offerings of small business computers in the "under £5,000" price bracket, an announcement by Adler of a new "Alphatronic" range must be worthy of some examination.

The company is perhaps better known for typewriters than computers and indeed, it is this "office-based loyalty" on which it hopes to capitalise with a well designed machine, nearly all made in-house (including the printers) and backed up by a network of 50 outlets in the UK.

Adler Business Systems describes the new range as truly general purpose (as opposed to the machines it already sells for specific purposes) and can offer software packages to meet a wide variety of applications including word processing and, soon, electronic mail.

The standard P1 Alphatronic is priced at £1,550 (ex VAT) and consists of two units: one houses the processor, keyboard and double density floppy disc and the other is free-standing visual display unit. Included is a complete programming and operating manual written in lay terms.

Model P2 has in addition the Adler-built dot matrix printer and a second built-in floppy disc unit, the price becoming £2,345.

Perhaps the main point about the introduction of Alphatronic is that it marks a shift by the company from machines costing up to £20,000 to microcomputers which at £1,550 will penetrate an area which is currently the domain of a large number of quite small companies.

ABS managing director Mike Davies: "Previously very much the preserve of the personal user, the micro became in 1980 a system machine for general purpose use."

With the introduction, Adler claims to be the first company in the microcomputer market with a business computer pedigree.

Ovens which save fuel

DESIGNED TO provide the most efficient use of fuel are conveyorised convection ovens with steel walls and roof which incorporate 3 in. thick insulation, and conveyor and exit vestibules protected by air curtains to minimise heat loss.

They can be provided with both ends open to accommodate a straight-through overhead conveyor (or with one closed); the conveyor having a single or multi-pass configuration within the oven. In the latter case, the "closed" end can be fitted with doors, enabling extra large workpieces to be placed in the oven independently of the conveyor system.

The walls of the oven consist of panels one-metre wide, each panel comprising a four-layer sandwich, and the external stove-enamelled mild steel is flanked by glass fibre insulation.

Two sheets of aluminised steel, three inches apart, provide a plenum adjacent to the insulation, obviating the need for costly fabrication and insulation of external ductwork.

The steel ends of the insulated part of each panel have rectangular sections punched out to reduce heat loss by conduction.

More from Maywick (Hanningfield), Rettendon Common, Chelmsford, Essex (0245 400637).

Press with many features

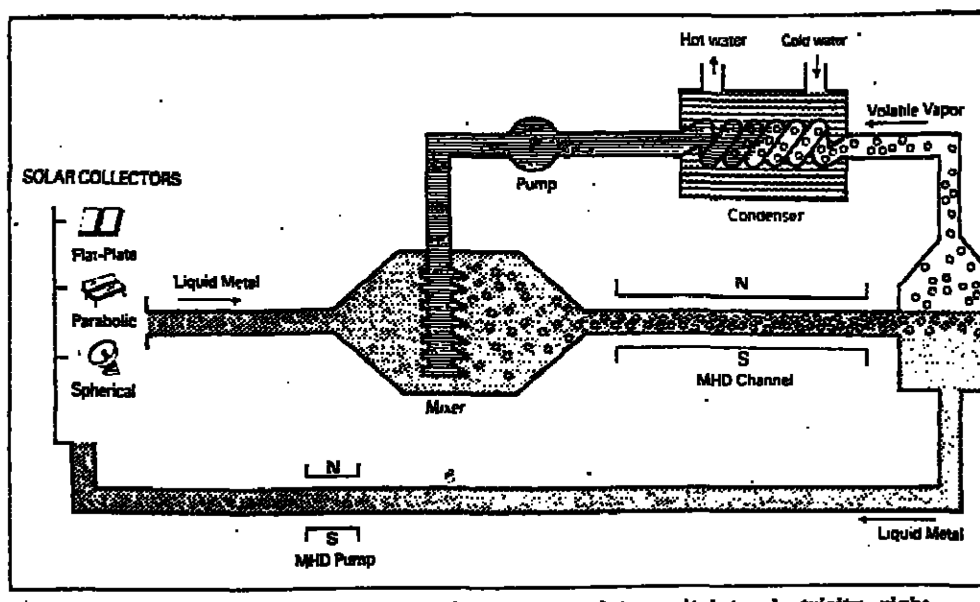
A COMPUTER-CONTROLLED turret press for punching steel sheet up to 6 mm thick at rates up to 300 hits/minute has been developed by BMG Pierce-All, Buckingham Avenue, Slough SL1 (0753 26551). Its Westinghouse Producer controller is claimed to provide a wide range of facilities which being easy and quick to program.

The controller, which is suitable for both on-machine and off-machine programming, is claimed to keep down-time to a minimum and to make the press economic for both long and short production runs. Changeover from one program to another is claimed to be rapid, and a new range of tooling has reduced the average tool changeover time to only 11 seconds.

The press, known as the Pulsa 8, is loaded from the front end for easy sheet positioning and punches sheet up to 800 mm by 1,000 mm without repositioning. Access to the turret for tool-loading is through a door in the front panel, while one whole side of the machine opens up to give easy access to other working parts.

City funds fuel 'power-from-sun' project

BY ELAINE WILLIAMS



Professor Herman Branover, left; how his generator captures solar energy and turns it into electricity, right

CITY INSTITUTIONS have joined with the U.S. and Israeli governments to raise U.S.$2m to fund a project aimed at transforming sunlight cheaply into electric power.

Professor Herman Branover of the Ben-Gurion University of the Negev has been given the money to build a small prototype generator with no moving parts capable of delivering up to 10 kilowatts of power.

Professor Branover claims his new generator will produce electricity at half the cost of conventional power generation.

He says the generator will be smaller in size than conventional machines, require less maintenance, produce no pollution and run on a variety of power sources including geothermal and solar energy or industrial waste.

The generator is based on the principle of magnetohydrodynamics—first described by Michael Faraday in 1840. It deals with the motion of fluids which can conduct electricity through magnetic fields.

Soviet research

The real explosion in this research began in the 1960s: the chief centres of activity are the U.S., Israel and the Soviet Union. Professor Branover began his work in the Soviet Union and after a distinguished career there, was allowed to settle in Israel.

A simple analogy for magnetohydrodynamics (MHD) is the phenomenon that an electric current is generated in a piece of wire when it is passed between the poles of a magnet.

In the case of MHD however, the wire is represented by molten metal, but the principle is still the same. As long as the fluid circulates past the magnet an electric current will continue to flow.

In a practical system, liquid metal is passed through the absorber of a solar collector (or any other heat source) and is heated to the working temperature—the lowest temperature used by Professor Branover's team is 80deg.C. The hot liquid then passes into a chamber where it is mixed with a highly volatile liquid such as freon—normally used as a refrigerant—which is injected into the chamber in the form of tiny droplets.

These tiny droplets—which are vaporised by contact with the metal—are necessary to encourage the hot metal to flow more easily past the magnet where the electric field is generated. The electric current so produced is picked up by the electrodes which form the channel through which the metal flows.

Once the mixture has flowed past the magnet, the vapour and hot metal are separated. The vapour is condensed and then pumped back into the mixing chamber. The vapour's heat can be extracted and used for heating homes and factories.

The metal is pumped passed the solar collector again for heating and so the cycle continues. Though magnetohydrodynamics had been known for years using a hot metal system, the breakthrough has been the development of a system which uses relatively low temperatures.

According to Professor Branover, by using a hot metal mixture of sodium and potassium the process can work at 80deg. C compared with the 800deg. C used on previous designs.

The construction of the prototype will be carried out by Raphael, Israel's armament development authority. It is the first time that the organisation has participated in a civilian project.

Finance for the project has been raised by the Solmecs corporation, which owns the worldwide rights to Professor Branover's invention. Part of the U.S.$2m funding comes from the U.S. Department of Energy which has been interested in magnetohydrodynamics for several years. Much of the U.S. expertise is concentrated at the Argonne National Laboratory in Chicago which will be providing some assistance with the theoretical work.

Solmecs was set up in early 1980 to turn advanced energy systems into commercial propositions. Its chairman is Mr. Peter Kalms, who for 18 years was finance director and deputy chairman of Dixons Photographic group. Through his efforts some finance was also obtained from City institutions.

The generator has applications in metallurgy, electroplating, and desalination. Solmecs claims that the generator could supply electrical power for use at a cost of about 3p per KWh compared with about 5p for the cheapest conventional electricity.

In theory there is no limit to the size of generator which can be built although Professor Branover said that the smallest economic generator would be between three to five kilowatts. He also claims that because there are no moving parts and the whole system is sealed the generator could operate maintenance-free for at least 30 years.

Chamber for large scale freezing

A LARGE (44.5 litres) biological freezing chamber specifically designed for the routine freezing of blood, lymphocytes, bone marrow platelets, spermatozoa and similar specimens has been introduced by Cryotech, 2 Frogmore Lane, Stanford-in-the-Vale, Faringdon, Oxon (03677 671). Known as the TRA-7, main uses are in blood banks, hospital research centres and the pharmaceutical industry and for testing materials for resistance to thermal shock. The temperature range is +30 degrees C to −180 degrees C.

It is controlled automatically by a solenoid valve, actuated by a temperature controller, and by two platinum resistor sensors and two copper/constantan (nickel-copper alloy) thermocouples mounted in the freezing chamber. The solenoid controls the flow of the liquid nitrogen cooling agent into the chamber. A centrifugal blower then evaporates the nitrogen, which is distributed evenly around the materials. The freezer is fitted with safety devices and a heater which brings the chamber back to room temperature within a few minutes, says Cryotech.

NEWS IN BRIEF

INSTRUMENTS

A PORTABLE activity monitor for the acoustic emission detection of cracks and leaks, introduced by the UK Division of Dunegan / Endevco, Melbourn, Royston, Herts (0763 61311), is supplied in a robust carrying case for outdoor use on pipelines and other plant. Known as the Model 4103, it is a single-channel instrument fitted with rechargable NiCad batteries and a charger for both periodic and semi-continuous use.

The displayed / monitored parameters include: average signal level, count, and count rate with outputs available for recording and remote display. Adjustable alarm thresholds are claimed to provide local and remote indication. The instrument is supplied complete with sensor, cable and batteries.

ASSEMBLY

WHEREVER COMPONENTS have to be securely held in position during assembly, such as in the electronics industry or technical laboratories, a new concept in light assembly lamps and vices has been recommended by A B Engineering Co., Timber Lane, Woburn, Beds.

The system is called Uni-Vice and includes five different types of vices, used independently or in combination, to firmly hold virtually any shaped object during production, assembly, or while laboratory tests are being conducted.

Providing the operator with additional pairs of hands while intricate assembly is undertaken is a variety of clamping fixtures each equipped with the facility to adjust to any angle.

PROCESSING

A VARIABLE-SPEED skeining machine claimed to be capable of skeining wire as fine as 0.01 mm diameter, has been developed by Pillarhouse, Hunsdon Works, Witham, Essex (0376 519333). The design incorporates tension discs, lapped and polished to within two microns, to ensure that the wire is not damaged. Tension is applied smoothly and without judder, the maker claims.

Tests have shown that with the tensioner set on a 25 gramme setting the variation in wire tension is as little as 1 gramme. The redesigned front hook is claimed to prevent very fine wire being trapped at the point where the hook emerges from its holder. A variable speed motor allows the machine to operate at the slower speeds necessary to skein 0.01 mm wire and fast enough for diameters of 0.025 mm and over.

Sig Bergesen chalks up record operating profits

BY FAY GJESTER IN OSLO

SIG. BERGESEN, one of Norway's leading shipping groups, has reported record operating profits, before interest and depreciation, of NKr 430m ($79m) for 1980, compared with NKr 385m a year earlier. Ordinary depreciation was NKr 190m compared with NKr 183m. Profit before taxes and allocations was NKr 200m, some NKr 20m higher.

Apart from profits on ship operations, the group chalked up financial earnings of NKr 125m in 1980, up by NKr 25m. Liquidity at end-1980 amounted to NKr 1.05bn, plus shareholdings in Norwegian and foreign companies worth an estimated NKr 180m. The maximum permitted dividend will be paid, for 1980, to all the companies in the group.

The year's result was "very satisfactory," the company said, in view of the weak tanker market in 1980, the exceptionally difficult interest and currency market, rising oil prices, and the unsettled international political situation. It said the higher profits reflect rising returns on investment which the group had made in the past few years in new trades, such as gas tankers and newsprint carriers.

Operating efficiency was also high in 1980, with off-hire periods averaging only two days per ship. Operating earnings from the group's ships over the past four years have totalled NKr 1.5bn. Because financial earnings have largely covered financial costs, it has been possible to plough most of these earnings back into the concern.

No ships were sold last year, but two were acquired. One was the pipelaying vessel Berge Worker (ex Seatroll) which Bergesen bought in partnership with two other Norwegian shipping companies. The purchase is described as "a rather risky investment but one with considerable potential." The other acquisition last year was the new tanker Berge Pioneer, of 355,000 dwt, ordered in 1977 and delivered by Mitsui Japan, in summer, 1980. This is on a five-year charter to Texaco. One ship was ordered during the year—a 30,000 tonne LPG tanker, from a Norwegian yard, for delivery in 1982.

Renown and D'urban increase earnings

By Yoko Shibata in Tokyo

RENOWN, Japan's leading wholesaler of secondary textile products, and its subsidiary, D'urban reported increased earnings for the year to December 31.

Parent company operating profits were lifted to Y11.63bn ($57m) up 18.6 per cent from the level the previous year. Net profits were Y5.04bn, up 13.4 per cent, on sales of Y205.8bn ($1bn), up 12.1 per cent. Profits per share were Y46.42, against Y40.93. Sales of men's and women's outerwear were unexpectedly brisk.

In the current year, new brands are expected to contribute to the sales total.

Non-consolidated sales however, will no longer include the Renown Look division, which is being split from the parent company in preparation for independent stock listing.

Sales for the current year therefore are projected at Y195bn, down 5.3 per cent, but operating profits are expected to reach Y12.8bn, up 10 per cent and net profits Y6.4bn, up 26.9 per cent over 1980.

D'urban, the subsidiary specialising in men's wear reported an 11.5 per cent gain in operating profits to Y3.24bn ($15.9m) for 1980. Net profits were Y1.583bn, up 12.3 per cent on sales of Y40.09bn ($196.5m), up 13.4 per cent over 1979.

Sales of winter wear fared well helped by cold weather, and there were strong sales of casual wear for college students, a line introduced in September. The company expects the contribution from casual wear for students to increase in the current year.

D'urban's sales for the full year are expected to reach Y44.8bn, up 11.7 per cent. Operating profits are forecast at Y3.57bn, up 10 per cent and net profits at Y1.74bn, up 9.9 per cent over 1980.

Maiden result from Pearl Investment

By Mary Frings in Bahrain

THE BAHRAIN registered Pearl Investment Company has reported net profit of U.S.$23.40m, before appropriations, in its first results which cover the period from June 18, 1979 to December 31, 1980. The company has declared a 6 per cent dividend and decided on a $25m increase in paid-up capital.

The increase in paid-up capital bringing the total to $100m, lies partly in a one-for-ten bonus share issue, and partly in the issues of 17.5m new shares, offered at a premium of 25 cents over the nominal value of $1.

Pearl caused a flurry in the Gulf investment market in the summer of 1979, as the first Bahrain exempt company to see its public share issue substantially over-subscribed.

Capital investment boom gives lift to SA engineers

BY BERNARD SIMON IN JOHANNESBURG

THREE South African companies operating mainly in the construction, engineering and related sectors have reported increases in 1980 profits reflecting the strong rise in capital investment in the country since mid-1979.

Anglo-Alpha, a leading cement and lime producer, lifted its after-tax profit by 110 per cent, from R10.1m in 1979 to R21.3m ($27.4m) in the year to December 31. Dividends were raised from 17.5 cents to 27 cents.

Among the reasons for the sharp increase in earnings were a 22 per cent rise in the volume of cement sales and a turnround described as "substantial" in the profitability of the company's stone quarrying operations.

Haggie, South Africa's leading wire rope manufacturer, overcame depressed export markets to achieve an attributable profit of R27.2m in the year, against R18.9m previously.

Haggie declared a final dividend of 35 cents (against 26 cents previously) bringing the total for the year to 50 cents (36 cents).

Darling and Hodgson, the engineering, transport and coal mining company in the General Mining Union Corporation group, raised its attributable earnings by 70 per cent last year to R17.2m. The total dividend for 1980 is 33 cents (23 cents).

Overall fixed investment in South Africa rose by about 10 per cent in real terms last year, and is expected to slow slightly, to a rate of growth of about 7 per cent in 1981.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
AAH	Mar. 5	Int. 3.476	*ICI	Feb. 26	Sec. int. 11
Anglo Amer. Gold	Mar. 7	Final 350cents	*IMI	Mar. 17	Final 2.5
BSR	Mar. 12	Final 1.413	*Lloyds Bank	Feb. 20	Final 8
*Barclays Bk.	Mar. 5	Final 10.85	Midland Bk	Mar. 14	Final 12.5
*Bibby (J.)	Mar. 5	Final 4.25	*NatWest Bank	Feb. 24	Final 10.25
Blagden and Noakes	Mar. 3	Final 4.7	*Nottingham Manufctg.	Feb. 23	Final 2.75
British Petroleum	Mar. 13	Final 12.0	Prudential Corpn.	Feb. 26	Final 6.0
British Vita	Mar. 4	Final 2.6	*Ransomes Sims and Jefferies	Mar. 4	Final 8.0
Brown Bros.	Feb. 27	Int. 1.0	*Rentokil	Mar. 6	Final 1.4
*Cadbury Schweppes	Mar. 19	Final 2.9	*Royal Insce.	Mar. 2	Final 13.25
*Carrington Viyella	Feb. 25	Final 0.4	*Securicor	Feb. 18	Final 1.02
*Commercial Bk. Australia	Feb. 25	Int. 10 cents	Shell Transpt.	Mar. 6	Final 10.479
*Commercial Union	Feb. 24	Final 5.8	Transpt. Dev.	Mar. 13	Final 2.8
Cons. Gold Fields	Mar. 5	Int. 7.5	*Tube Inv	Mar. 11	Final 13.0
*Dalgety	Feb. 18	Int. 11.0	*Turner and Newall	Mar. 11	Final 7.0
*De Beers	Mar. 11	Final 52½cents	Ultramar	Mar. 13	Final 10.0
Fisons	Mar. 3	Final 9.555	Unilever	Mar. 4	Final Fl 3.792
*General Accident	Mar. 4	Final 6.5	Union Corpn.	Feb. 18	Final 43 cents
General Mining	Feb. 18	Final 75 cents	United City Merchants	Mar. 12	Int. 0.6
Grindlays	Mar. 4	Final 2.687	Vantona	Feb. 26	Final 5.0
*Hong Kong and S'hai Bk.	Mar. 10	Final HK$0.50	*Woolworth (F. W.)	Mar. 11	Final 3.569
*Hoover	Feb. 19	Final 6.38			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

CORAL INDEX: Close 490-495 (+3)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	13½	½-year	1,000	5-7
Redbridge (01-478 3020)	13½	½-year	200	6
Sefton MBC (051-922 4040)	12½	½-year	2,000	2-5

Public Works Loan Board rates

Effective from February 14

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 5	13¼	13½	13¾	14¼	14¼	14
Over 5, up to 10	13½	13¾	14½	14	14⅜	14⅝
Over 10, up to 15	14⅛	14⅛	14⅜	14⅝	14⅝	14⅝
Over 15, up to 25	14⅛	14⅛	14⅛	14⅝	14⅝	14⅝
Over 25	14⅛	14⅛	14⅛	14⅝	14⅝	14⅛

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
AP Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½%	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½%
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½%		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	¶14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

CURRENCIES, MONEY and GOLD

Hoping for a marked recovery

BY COLIN MILLHAM

HIGH INTEREST rates and initial approval of President Reagan's economic policies continue to boost the dollar, and put increasing pressure on the D-mark. The German currency has in the past been a major beneficiary from movements out of the dollar, and will therefore tend to suffer more than other members of the European Monetary System from a trend in the opposite direction. Although Germany's inflation rate of 5.8 per cent compares very favourably with U.S. and French inflation of 12.6 per cent and 13.6 per cent respectively, the D-mark has required substantial central bank support against the dollar and French franc recently.

Apart from interest rates the other factor acting against the D-mark is Germany's balance of payments deficit, which this year may well exceed the 1980 figure of $16bn. France's deficit last year was less than half the German payments shortfall, and the D-mark's present plight is also set against a background of a running current account surplus by the U.S., Britain and Japan. Last week the D-mark touched its lowest level against the dollar since December 1977, and according to Bankers Trust Currency Management Service over the past year fell by 23 per cent against the dollar, 25 per cent against sterling and 31 per cent against the yen. Figures published by the Bundesbank showed an outflow of capital totalling $2.75bn in the final quarter of 1980, which the central bank points out was nowhere near compensated by German public authorities borrowing abroad.

This may well be a reference to the high level of French public sector foreign borrowing, which has not only funded France's payments deficit, but also kept the franc at the top of the EMS.

France's trade deficit with Germany was a record $3.75bn last year, while the competitive position of French industry continues to deteriorate as a result of inflation and the franc/mark exchange rate. Bankers Trust suggests that capital inflows from OPEC, encouraged by the sale of German military equipment to Saudi Arabia may form the basis for a D-mark recovery

THE POUND SPOT AND FORWARD

Feb. 13	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2825-2.3065	2.2845-2.2860	0.65-0.75c dis	−3.67	2.80-2.90dis	−4.99
Canada	2.7420-2.7680	2.7430-2.7445	0.75-0.85c dis	−3.50	2.80-2.95dis	−4.19
Nethlnd.	5.46-5.51	5.48½-5.49½	2⅛-1⅛c pm	3.65	4½-3½ pm	2.91
Belgium	80.85-81.45	81.30-81.40	15-5c pm	1.47	12-2 pm	0.34
Denmark	15.46-15.53	15.49-15.51	par-1½ore dis	−0.58	4¼-6¼ dis	−1.35
Ireland	1.3485-1.3595	1.3575-1.3585	0.05-0.18p dis	−1.02	0.29-0.44dis	−1.07
W. Ger.	5.04-5.08	5.06¾-5.07¾	2⅛-1⅛pf pm	3.85	3½-2½ pm	2.37
Portugal	130.40-131.60	130.55-130.85	80c pm-45 dis	1.61	75pm-170ds	−1.45
Spain	199.60-200.90	199.60-199.70	35-90c dis	−3.76	245-325 dis	−5.71
Italy	2,382-2,392	2,383-2,385	5¾-7¾ lire dis	−3.40	29½-32½ dis	−5.20
Norway	12.56-12.62	12.56½-12.58½	2⅛-⅛ore pm	1.49	1⅛ pm-⅛ dis	0.20
France	11.61½-11.68½	11.66-11.67	3¾-2¾c pm	3.34	7¾-6¾ pm	2.49
Sweden	10.63-10.72	10.63½-10.65½	2¾-3¾ore dis	−3.66	11⅝-12⅝dis	−4.56
Japan	470-478	474-475	1.90-1.55y pm	4.36	5.20-4.85 pm	4.24
Austria	35.65-35.85	35.65-35.70	14-11gro pm	4.20	35-25 pm	3.36
Switz.	4.60-4.63	4.60¾-4.61¾	3-2c pm	6.50	6¾-5¾ pm	5.42

Belgian rate is for convertible francs. Financial franc 82.55-82.65. Six-month forward dollar 5.95-6.05c dis, 12-month 9.55-9.85c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 13	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2825-2.3055	2.2845-2.2860	0.65-0.75c dis	−3.67	2.80-2.90dis	−4.99
Ireland†	1.6880-1.7035	1.6905-1.6925	0.35-0.45c dis	−2.84	1.60-1.70dis	−3.90
Canada	1.1981-1.2016	1.2013-1.2016	par-0.03c dis	−0.15	0.10-0.05 pm	0.25
Nethlnd.	2.3806-2.3860	2.3830-2.3860	1.63-1.53c pm	7.95	4.82-4.72 pm	8.00
Belgium	35.23-35.63	35.61-35.63	17½-16c pm	5.68	50-47 pm	5.49
Denmark	6.7250-6.7675	6.7650-6.7675	2-1½ore pm	3.10	6¼-5¾ pm	3.55
W. Ger.	2.1910-2.2200	2.2170-2.2180	1.38-1.33pf pm	7.33	4.09-4.04 pm	7.33
Portugal	56.85-57.10	56.95-57.10	50c pm-par	5.26	100 pm-par	3.51
Spain	87.03-88.00	87.75-88.00	15c pm-10 dis	0.34	par-25 dis	−0.57
Italy	1,037-1,051	1,043-1,045	½ lire pm-½ dis	—	par-1 dis	−0.19
Norway	5.4700-5.4975	5.4835-5.4855	2.60-2.10ore pm	5.14	7.00-6.50 pm	4.92
France	5.0525-5.1100	5.1000-5.1100	3.05-2.95c pm	7.09	9.15-8.95 pm	7.13
Sweden	4.6410-4.6530	4.6510-4.6530	0.15ore pm-0.05dis	0.13	0.15pm-0.05ds	0.04
Japan	205.00-207.75	207.45-207.55	1.60-1.45y pm	8.82	4.86-4.70 pm	9.20
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

GOLD

	Feb. 13		Feb. 12	
Gold Bullion (fine ounce)				
Close	$492-495	(£215¼-216½)	$485-488	(£209⅛-210¾)
Opening	$487-490	(£212¼-213½)	$494-497	(£212¼-213½)
Morning fixing	$492.50	(£214.084)	$493.50	(£212.076)
Afternoon fixing	$491.50	(£214.535)	$490.25	(£211.406)
Gold Coins				
Krugerrand	$508-510	(£222½-223¼)	$500-502	(£215¾-216¾)
1/2 Krugerrand	$260-264	(£113¾-115½)	$257-261	(£111-112¾)
1/4 Krugerrand	$132-136	(£57¾-59½)	$130-134	(£56-57¾)
1/10 Krugerrand	$55-59	(£24-25¾)	$54-58	(£23¼-25)
Mapleleaf	$506-508	(£221½-222½)	$497-499	(£214¼-215½)
New Sovereigns	$124-125	(£54¼-54¾)	$122½-123½	(£52¾-53¼)
King Sovereigns	$148-150	(£64¾-65¾)	$148-150	(£64-65)
Victoria Sovs	$148-150	(£64¾-65¾)	$148-150	(£64-65)
French 20s	$176-179	(£77-78¼)	$174-177	(£75-76½)
50 pesos Mexico	$612-616	(£268-269¾)	$614-618	(£265-266¾)
100 Cor. Austria	$477-482	(£208¾-211)	$477-482	(£206-208)
$20 Eagles	$621-625	(£271¼-274)	$623-628	(£269-271)

OTHER CURRENCIES

Feb. 13	£	$		£ Note Rates
Argentina Peso	5159-5179	2258-2268	Austria	35.50-35.90
Australia Dollar	1.9745-1.9785	0.8650-0.8655	Belgium	81.50-82.30
Brazil Cruzeiro	161.04-162.04	70.16-70.51	Denmark	15.40-15.55
Finland Markka	9.371-9.392	4.1045-4.1065	France	11.58-11.68
Greek Drachma	117.746-120.234	51.90-52.00	Germany	5.04-5.08½
Hong Kong Dollar	12.18-12.20	5.3320-5.3350	Italy	2420-2510
Iran Rial	174.00*	74.50*	Japan	472-478
Kuwait Dinar KD	0.624-0.630	0.2739-0.2741	Netherlands	5.45-5.50
Luxembourg Frc.	81.30-81.40	35.61-35.63	Norway	12.58-12.68
Malaysia Dollar	5.1850-5.1950	2.2695-2.2715	Portugal	128-136
New Zealand Dlr	2.4500-2.4550	1.0720-1.0730	Spain	193½-203
Saudi Arab. Riyal	7.64-7.70	3.3410-3.3440	Sweden	10.65-10.75
Singapore Dollar	4.7725-4.7825	2.0895-2.0915	Switzerland	4.59-4.63½
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate. * Selling rate.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 5/16	offer 16 5/16	bid 16 3/16	offer 16 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON MONEY RATES

Feb. 13 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or...	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

CURRENCY RATES

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

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UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

AUTHORISED UNIT TRUSTS

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72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	55.1	59.2	+0.1	2.45
Abbey Capital	46.2	49.5	+0.3	5.01
Abbey General	65.1	69.4	+0.2	5.35
Abbey Gilt & F.I. Tst.	105.8	111.3	-0.1	11.77
Abbey Income	34.2	37.0	+0.2	9.49
Abbey W'Wide Bd Tst.	91.4	96.7	+0.1	6.93
Abbey Inv. Tst. Fd.	48.5	52.8	+0.4	4.82
Equitas Prog. Tst.	79.2	85.6	+0.5	4.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	85.6	90.0		12.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	88.1	94.3	+0.4	4.71
Brit. Inds. Fund	76.3	81.6	+0.2	6.54
Growth & Income	49.8	53.3		5.07
Elect. & Ind. Dev.	43.7	46.8	+0.4	5.34
Allied Capital	95.7	102.4	+0.2	4.97
Hambro Fund	130.4	139.5	+0.3	6.20
Hambro Acc. Fund	179.3	191.8	+0.4	4.74

Income Funds

High Yield Fd.	61.6	65.9	+0.3	9.10
High Income	83.7	89.4	+0.2	7.86

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

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Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

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Equity & Law Un. Tr. M.

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1J	1D	Do. 6pc 1981-83	85¾	31.10	7.14	12.94
1Ja	1J	N.Z. 7¼pc 1988-92	65¼	1.12	11.25	13.42
15J	15D	Do. 7½pc '83-86	79	17.11	9.57	13.43
1M	1N	Sth. Africa 9½pc '79-81	98	3.69	9.96	16.42
1A	1O	S. Rhod. 2½pc Non-Ass.	117	3.66	—	—
—		Do. 3½pc 83-85 Assd.	48xd	—	7.29	22.10
—		Do. 4½pc 87-92 Assd.	28	7.1	16.12	22.40
—		Zimbabwe Ann (£100pa)	345	—	—	27.54

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Eastern Rand

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[illegible]

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[illegible]

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[illegible]

Central African

[illegible]

MINES—Continued

Australian

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Acmex 50c	35	—	Q2.5c	—	3.6
—	ACM 20c	16	—	—	—	—
—	Argosy Gold NL 25c	16	—	—	—	—
—	Bond Corp.	156	—	Q7.5c	1.9	2.4
Nov. Apr.	Bougainville I Kina	77	7.3	Q26.5c	ϕ	17.1
—	CRA 50c	222	9.74	Q19c	ϕ	4.2
—	Canada Northwest	18	—	—	—	—
—	Carr Boyd 20c	19	—	—	—	—
—	Central Pacific	288	—	—	—	—
—	Cons. Gold Min. N.L. 50c	35	—	—	—	—
—	Cultus Pacific N.L.	42	—	—	—	—
—	Eagle Corp. 10c	32	—	—	—	—
—	Endeavour 20c	38	—	—	—	—
June	G. M. Kalgoorlie 25c	330	5.79	†Q13c	ϕ	0.4
—	Great Eastern	14	—	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

Dividends Paid	Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—	Anglo-Dominion	155	—	—	—	—
—	Barymin	44	—	—	—	—
May	Burma Mines 10p	15	14.4	0.62	1.1	6.0
—	Colby Res. Corp.	180	—	—	—	—
Aug. Feb.	Cons. Murch. 10c.	200	30.6	t030c	1.8	8.6
—	††Hemerdon 10c.	88	—	—	—	—
—	Highwood Res.	160	—	—	—	—
—	Northgate C$1	315	9.77	—	—	—
Jan. July	R.T.Z.	383	10.11	t16.0	3.2	6.0
—	Do. 9½% Cv. Ln. '95-2000	£95½	—	Q9½%	—	10.3
—	††SPO Minerals 10p	142	—	—	—	—
—	Sabina Inds. C$1	43	—	—	—	—
—	††SWCM 10p	34	—	—	—	—
—	Tara Expln. $1	485	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	40	......	Conv. 9% '80/82	£93¾	+⅛
Bertam	12	......	Nat. 9¾% 84/89	£75½	......
Bdg'wtr. Est. 50p	558	+3	Fin. 13% 97/02	£86¼	+⅛
Craig & Rose £1	£11¼	......	Alliance Gas	58	......
Fife Forge	41	......	Arnott	225	......
Finlay Pkg. 5p	21	......	Carroll (P.J.)	81	......
Graig Ship. £1	£21	......	Concrete Prods.	90	......
Higsons Brew	70	......	Helton (Hldgs.)	30	......
Holt (Jos) 25p	378	......	Ins. Corp.	395	......
I.O.M. Stm. £1	165xd	......	Irish Ropes	40	......
Pearce (C. H.)	700	+10	Jacob	40	......
Peel Mills	63	+3	T.M.G.	24	−1
Sheff. Refrshmt	95	......	Unidare	82	......
Sindall (Wm.)	135	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7	Vickers	14
B.S.R.	4½	I.C.L.	9	Woolworths	5
Babcock	11	Inveresk	3		
Barclays Bank	40	Ladbroke	24	**Property**	
Beecham	15	Legal & Gen.	20	Brit. Land	8
Blue Circle	30	Lex Service	9	Cap. Counties	11
Boots	28	Lloyds Bank	28	Land Secs.	35
Bowaters	20	"Lots"	4	MEPC	20
B.A.T.	25	London Brick	6	Peachey	8
Brown (J.)	6½	Lucas Inds.	20	Samuel Props.	15
Burton	10	"Mams"	20	Town & City	2¼
Cadburys	6	Mrks. & Spncr.	9		
Courtaulds	6	Midland Bank	32	**Oils**	
Debenhams	8	N.E.I.	7	Brit. Petroleum	36
Distillers	17	Nat. West. Bank	32	Burmah Oil	19
Dunlop	7½	P & O Dfd.	12	Charterhall	11
Eagle Star	22	Plessey	25	KCA	22
F.N.F.C.	3½	Racal Elect.	32	Premier	10
Gen. Accident	30	R.H.M.	4	Shell	40
Gen. Electric	50	Rank Org.	16	Tricentrol	34
Glaxo	22	Reed Intnl.	18	Ultramar	48
Grand Met.	14	Sears	4½		
G.U.S. 'A'	48	Tesco	5½	**Mines**	
Guardian	32	Thorn	28	Charter Cons.	20
G.K.N.	16	Trust Houses	18	Cons. Gold	45
Hawker Sidd	28	Tube Invest.	18	Lonrho	10
House of Fraser	15	Unilever	50	Rio T. Zinc	45
		U.D.T.	4½		

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FINANCIAL TIMES

Monday February 16 1981

Jenkins to seek parliamentary seat

BY MARGARET VAN HATTEM

MR. ROY JENKINS yesterday announced his firm intention to contest a parliamentary seat, presumably as a candidate for the social democratic party expected to be launched next month.

"Of course, I must fight an election—it is essential to put myself to this test at some appropriate stage in the future," he said in a BBC radio interview.

He recognised the advantages of a "friendly arrangement" with the Liberal Party and insisted that in policy matters Liberals and social democrats were closely aligned. But signals grew stronger at the weekend suggesting an intensification of the struggle for supremacy between the two.

Mr. Jenkins went on to say that Liberal policies needed "fleshing out" if they were to win wider electoral support. And Mr. David Steel, the Liberal leader, ruled out any form of alliance unless the social democrats were to distance themselves from Labour policies and "sever their umbilical connection to socialism."

Perhaps responding to suggestions from social democrats that he cannot deliver Liberal Party backing for a nelectoral alliance, Mr. Steel suggested that Mr. Jenkins might be ahead of certain "social democrats who feel embarrassment at discovering they are adopting Liberal policies."

"There is a great gulf between those who see the new manoeuvre as simply the latest version of the Labour Party's internal struggle and those who see it as the birth of a totally new political movement," he wrote in The Observer. "If the new social democratic party is going to pose as the Labour Party Mark II, then there is little point in Shirley Williams' declaring an electoral agreement with the Liberals to be 'essential.' It will just not be obtainable."

Meanwhile, Mr. Richard Holmes, the Liberal Party President, called on the social democrats—most of whom are still in the Labour Party—to support Liberal candidates in the May county council elections and tersely warned them that any attempt to field their own candidates "would sour the atmosphere between us, perhaps irretrievably."

Earlier in the weekend, Mrs. Thatcher used her platform at the Young Conservatives' conference in Eastbourne to attack the social democrats and, in particular, Mrs. Williams.

"The recipe offered by the Limehouse Left who, when in power, always surrender to extremist pressure, is the same old mixture which failed before," she said. "It is not so immediate a poison as the Benn formula, but deadly none the less. Slow motion socialism is socialism all the same and, however genteel the guise, it would damage Britain dangerously today just as it did when one of their number (Mrs. Williams) stood on the Grunwick picket line."

And at Blackpool, Mr. Foot, addressing the Labour local government conference, urged those "foolishly" leaving the party to "think again—even at this eleventh hour." In the past few days two MPs—Mr. Mike Thomas and Mr. Neville Sandelson—have announced they will resign the Labour whip and two more—Mr. William Rodgers and Mr. Ian Wrigglesworth—face special meetings of their constituency parties this week.

However, two big initiatives to rally the mainstream of the party against extremists on the Left and the breakaway council for social democracy will be made this week.

At Westminster, Mr. Roy Hattersley, the Shadow Home Secretary, will chair a meeting designed to unite the various factions within the parliamentary party.

A letter signed by more than 100 Labour leaders in town halls throughout the country will be published also declaring opposition to divisive action on the Left and Right.

Ministers 'pressing for policy changes'

By Margaret Van Hattem

THE PRIME MINISTER is expected to come under pressure from some of her senior Ministers in the next few weeks to re-examine her economic policies before the next Budget, despite her refusal of their demands for a full-scale Cabinet review.

A group of Ministers led by Mr. James Prior, the Employment Secretary, and believed to include Sir Ian Gilmour, Mr. Peter Walker, Mr. Michael Heseltine, and possibly Mr. Francis Pym, are reported to have pressed for an adjustment of policies to ease political pressure generated by the soaring unemployment figures.

They are understood to be pressing for cuts in interest rates and in the national employment surcharge, and for these to be perhaps partly financed by an increase in personal taxation.

However, Mrs. Thatcher, who strongly opposes any increase in direct taxes such as income tax, rejected suggestions that at least one Cabinet meeting be given over entirely to a review of economic strategy.

Some of the so-called "wet" Conservative MPs who are increasingly uneasy over the Government's economic policies, suggest that Mrs. Thatcher's refusal is a direct consequence of her having been overruled in Cabinet during the last round of spending cuts. They suggest that she is not prepared to risk a full-scale discussion for fear of being outweighed once again.

Whereas it is suggested in Whitehall that they can put their arguments forward at any time, either in Cabinet, in the Economic Strategy Committee or to the Prime Minister personally, the MPs suggest that Mrs. Thatcher is determined to outflank their attempts to form a united front.

Speaking at the Young Conservatives conference at Eastbourne at the weekend, Mrs. Thatcher repeated that she would not "give up the fight against inflation and be tempted by siren voices to follow a course which would surely lead to hyper-inflation.

"The steady reduction in the rate of inflation is essential not just to good housekeeping but for the deepest philosophical reasons," she said. "The conquest of inflation has to be our first economic priority."

Mrs. Thatcher received support from Lord Thorneycroft, the Conservative Party chairman, who later warned the conference that the party was in for a rough ride, but should hold firm to its present course.

"We are in for a very rough ride politically and shall suffer electoral casualties on the way," he said.

THE LEX COLUMN

DM pushed into a corner

The Bundesbank is fast running out of policy options. Its attempts to shore up the flagging Deutsche Mark by liquidity withdrawals on the money market and dollar sales on the foreign exchanges now look wholly inadequate.

By the end of last week, DM deposit rates for between a month and a year had all been driven into double figures but, with dollar rates ranging up to 18 per cent, the Mark continued to slide. The Bundesbank had a fling on Friday, selling a record \$163m at the fix, yet only a few hours later the dollar had glided up through the DM 2.20 barrier.

Interest rates

The failure of the intervention approach has intensified the pressure on the Bundesbank to raise either or both of its key Discount and Lombard interest rates at its fortnightly meeting on Thursday. With trade unions and sections of the Government coalition pressing for a reduction in interest rates to stimulate the domestic economy, any such move would be highly controversial.

The German unemployment rate has already risen to its highest level in five years and only the most optimistic forecasters are expecting the economy to show any real growth this year, so a further twist in the interest rate ratchet would leave the Bundesbank without many friends in Bonn or the Ruhr. It would also impose a further strain on the domestic banking system.

Yet, by Thursday, the central bank may find it has little option but to accept political unpopularity. The question of interest rate management, which has replaced monetary control as the cornerstone of Bundesbank policy, has been causing lively debate within the upper echelons of the Bundesbank and the D-Mark's dismal performance last week will have strengthend the hand of the rate-hikers.

The Bundesbank might in any case find it difficult to continue much longer with its present approach. Its reserves have been heavily depleted by intervention and the component which could be easily realised amounts to only about DM 40bn, enough to cover the country's import bill for about six weeks. Alongside these negotiable reserves stand gold holdings worth over DM 100bn at market value. But any move to sell gold on the open market would play havoc with the bullion price.

Keeping the Lombard rate as much as 1½ percentage points below money market rates is another luxury the Bundesbank can ill afford. It has politely discouraged the banks from rediscounting their bills at 9 per cent and investing the proceeds on the money market at 10½ per cent, but the anomaly of this interest rate gap is all too obvious.

A quick increase in interest rates would give some direction to the bond markets. The Government borrowing requirement is likely to exceed DM30bn this year but the heavy borrowing programme is being stalled by the uncertainty surrounding interest rates.

Yet the deciding factor in any interest rate move will be Germany's yawning current account deficit. The country's oil bill rose by around 50 per cent in DM terms in 1980 and Germany cannot afford to continue paying for its oil with cheap marks. The current account deficit, which totalled DM28bn last year, had earlier been expected to dip below DM20bn in 1981 but the mark's slide has largely dashed these hopes.

Capital goods

A weak mark does, of course, have compensations for the export industries but there is so far little indication from the incoming order figures that this will help rapidly to narrow the deficit. The export capacity which was built into German industry during the 1970s was principally designed to accommodate a rising currency. It emphasised capital goods where overall demand levels are of more importance than price. The benefit of a falling currency is correspondingly limited.

An increase in interest rates may not in itself rescue the German currency. The country's political problems, the impending round of wage negotiations and the troubles in Poland are all contributing to the flight from the mark. If a narrowing of the dollar-mark interest rate gap fails to do the trick, the Bundesbank could be confronted with the uncomfortable prospect of orchestrating a major rescue operation, along the lines of the Carter dollar packages. The Swiss central bank might not be averse to buying some of the Bundesbank gold, and massive dollar credit lines could presumably be arranged.

The right sort of rescue package could have the bears running for their lives—although the breadth of the euro-DM markets makes it difficult for the German authorities to mount the sort of bear squeeze that the Bank of England was able to employ in 1976 when sterling was under sustained attack. Confidence in currencies is an unaccountable thing, and once the DM is seen to turn, international portfolio managers will be falling over themselves to get back in. But when, as with sterling in 1976, some official holders are willing to dump large amounts of a currency on a falling market, it is no wonder that the leading central banks are unable to arrange for currencies to float in an orderly way.

The Monopolies Commission should report any day now on S & W Berisford's bid for British Sugar, and Berisford's 1980 report and accounts is giving nothing away — the chairman's statement simply suggests that Berisford is still keen on pursuing the offer if it is allowed to.

The balance sheet shows the usual sharp rise in stocks, which together with debtors are up by 30 per cent to £415m. But this year the increase has been more than financed by creditors. Thanks to this and to Berisford's rights issue, net debt is down to 60 per cent of tangible shareholders' funds from 125 per cent a year earlier. Since year-end borrowings may still be unrepresentative. Berisford has a good bit of room for manoeuvre.

Meanwhile, British Sugar seems to be on the point of closing a number of its smaller beet factories, which represent marginal and, at recent wholesale sugar prices, perhaps even uneconomic capacity. This decision would tend to confirm Tate and Lyle's view that British Sugar has renounced any ambition to expand further, although BSC could probably squeeze a little more out of its plant by extending the limited period during which its processes the beet.

Right-wing may win AUEW post

By Philip Bassett, Labour Staff

RIGHT-WINGERS in the Amalgamated Union of Engineering Workers are likely to maintain their dominance in the union following the selection by moderate lay members of Mr. Gavin Laird, Scottish executive member, as the Right's candidate for the union's general secretaryship.

The post will fall vacant next year when Sir John Boyd, the present general secretary, retires at the age of 65. Previously, the general secretaryship was held in the union to be a less powerful position than that of the president or those of the seven executive council members. But the post has increased in strength during Sir John's tenure.

Mr. Laird must now be the strong favourite for the job following his selection by more than 200 leading moderates at a conference in Derby on Saturday.

While Mr. Laird's election would not alter the political complection of the leadership of the predominantly Right-wing union, it would leave open the chance for Left-wingers to try to win Mr. Laird's Scottish executive seat.

When he was elected to his present position, Mr. Laird, then the AUEW's Scottish regional officer, beat by about 2-1 Mr. Jimmy Reid, the then-Communist Party member who had organised the UCS work-in on the Clyde.

Clear choice

Mr. Laird, who will be 48 next month, has been a director of the British National Oil Corporation since 1976, and was shop stewards' convenor at the Singer plant in Scotland for seven years until he became a full-time AUEW official. He recently served on the Scott inquiry into public service pensions.

He was the clear choice of Saturday's meeting, securing about 120 votes to about 40 won by each of the two other executive members, Mr. Ken Cure (Midlands) and Mr. Jack Whyman (London and SE). Both Mr. Cure and Mr. Whyman will now support Mr. Laird's selection.

The election, which will go to its first ballot in September and then to a run-off early next year if no clear winner emerges, could be a three-cornered contest between Mr. Laird, the Left's candidate, who is likely to be Mr. Ken Breet, an assistant general secretary and the union's only Communist Party member among its senior officials, and Mr. Gerry Russell, North-West executive member.

Mr. Russell's candidature could well take away votes from Mr. Laird and leave the Left candidate better placed, even though Mr. Russell orginally had the support of the Left to win his present post.

Labour Party moves to head off defections by local councillors

BY ROBIN PAULEY

THE LABOUR PARTY moved swiftly at the weekend to head off the Council for Social Democracy before it has time to attract large-scale defections of Labour councillors.

The party indicated its intention radically to reform local government when it next gains power.

Mr. Gerald Kaufman, Environment spokesman, became the first Labour spokesman to say he wanted to introduce a local income tax.

Mr. Michael Foot, the party leader, Mr. Ron Hayward, general secretary, and Mr. Kaufman, all urged delegates to the party's local government conference in Blackpool to stay and fight within the party.

There was very little evidence of potential defections among councillors. But in spite of repeated efforts by Mr. Alex Kitson, chairman, to keep speakers on the subject of local government during the plenary sessions, they returned to the social democrats time and again, and this spilled over into the working parties.

Labour leaders drew up a statement, to be sent to councillors throughout the country, in the hope of obtaining a massive list of signatures backing the party and its reform from within.

"To us, socialism cannot be other than democratic and we therefore do not need to append the word democratic as a prefix or suffix to our socialism. All of us believe in the need for greater democracy throughout the Labour Party," the statement said.

"We are deeply concerned at the proposals to alter the relationship between the local Labour parties and Labour groups.

"We wish to see the Labour Party more democratic and libertarian, not increasingly restrictive. We wish the Labour Party to be a party in which policy differences can be settled within the party. To leave the party if one loses the argument is defeatist as well as devisive."

The signatories include Mr. Clive Wilkinson, Labour leader of Birmingham City, who was a signatory to the Council for Social Democracy's advertisement in the Guardian. He has now changed his mind after discussions with Mr. Roy Hatterslev and Mr. Dennis Howell. He says he will not join the CSD even if it forms a new party.

A new Labour Government would, as part of its wide-ranging plans for local Government reform, repeal the controversial new block grant system of rate support, Mr. Kaufman told the finance working group. The new system was "irrational, lunatic and unjustified."

Mr. Kaufman proposed its replacement with a local income tax for domestic ratepayers and with a new form of Corporation tax for business and commerce. Some level of central grant would remain to compensate councils for varying resource bases.

He also advocated a one-tier system of local government with councils large enough to be viable but not so big as to be remote. Water, parts of the Health Service and transport should be under the control of these new one-tier local authorities.

Mugabe troops leave Bulawayo

BY MICHAEL HOLMAN AND CHRIS SHERWELL IN BULAWAYO

ALMOST 2,000 former guerrillas loyal to Mr. Robert Mugabe, Zimbabwe's Prime Minister, were trucked out of Bulawayo's restless Entumbane township yesterday, finally easing the tension built up by last week's bloody factional clashes.

The death toll in the recent fighting between rival forces in Bulawayo and elsewhere is now put at 300, against 55 deaths during last November's conflicts in Entumbane. The government has so far failed to release an official casualty figure.

Earlier in the day friends and relatives of the dead gathered outside three refrigerated meat trucks at a Bulawayo railway siding to try to identify the corpses.

The departing Zimbabwe African National Liberation Army forces, all apparently disarmed, sang revolutionary songs and waved clenched fists as they passed within yards of fighters from the Zimbabwe People's Revolutionary Army who pledge alliegance to Mr. Joshua Nkomo.

Crowds lined the route into the city, some cheering, others jeering, but all seemingly relieved at the prospect of peace.

The ZIPRA forces remain within their fenced camp in Entumbane. Their rivals had been housed a few hundred yards away. There was no sign last night that they too would be moved outside the city to a separate camp as agreed earlier in the week. Despite Government orders, they are refusing to surrender their weapons.

It is also clear that efforts to form an integrated Zimbabwe military force have been severely damaged by last week's fighting.

It is difficult to anticipate the Government's next move. Its reliance last week on the white-officered troops of the former Rhodesian African Rifles and on the threat to use the Zimbabwe Air Force jets—both inherited from the Government of Mr. Ian Smith—has aroused considerable resentment.

This in turn has intensified the strains within the Government of National Unity, in which Mr. Nkomo's Patriotic Front Party holds five of the 27 Cabinet portfolios.

Continued from Page 1

Oil duty

pean countries. The industry has also underlined the fact that Continental fuel oil prices are usually lower than those in the UK, even before duty

Statistics produced by the association show that historically fuel oil prices — before duty and other charges—favour UK buyers over Continental buyers for only brief periods.

Industry experts say the average UK heavy fuel oil price last year—before duty and charges—was \$180 to \$195 a tonne.

Continued from Page 1

El Salvador

Minister, who was here last week.

Mr. Haig assured Sig. Colombo that the U.S. was not going to get dragged into another "Vietnam" in El Salvador. The Reagan Administration has not announced new military aid for the ruling Salvadoran Junta, and may not do so before it has consulted Congressional leaders. But it is apparently planning to send El Salvador more military equipment than it received in the last few months of the Carter Adminstration.

A U.S. mission has also been sent this week to several Latin American countries aimed at dissuading Nicaragua from acting as a staging post for arms supplies to neigbouring El Salvador. The Reagan Administration has already threatened to cut off \$15m in aid promised by the Carter administration, to Nicaragua, but still not paid.

Weather

UK TODAY

DRY, fog patches, frost, wintry showers in the north of Scotland.

S.E. England, Midlands, Channel Isles, Central Northern England
Morning fog, frost early and late. Max. 5C (41F).

Wales, S.W. and N.W. England S.W. Scotland, Glasgow, Central Highlands, Northern Ireland
Cloudy at times, frost. Max. 6C (43F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Sunny intervals, frost. Max. 6C (43F).

N. Scotland, Orkney, Shetland
Scattered wintry showers. Max. 5C (41F).

Outlook: Cold, night frosts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	12	54	L. Plms.	C	18	64
Algiers	S	19	66	Lisbon	S	11	52
Athens	F	6	43	Locarno	C	4	39
Bahrain	S	20	68	London	S	4	39
Barclna.	F	12	54	Luxmbg.	S	1	34
Beirut	S	23	73	Luxor	S	27	81
Belfast	C	7	45	Madrid	C	6	43
Belgrd.	F	−1	30	Majorca	S	12	54
Berlin	Sn	−2	28	Malaga	C	14	57
Biarritz	S	12	54	Malta	S	11	52
Bmghm.	S	3	37	M'chstr	S	3	37
Blackpl.	C	3	37	Milan	F	3	37
Bordx.	S	7	45	Moscw	Sn	−4	25
Boulgn.	S	3	37	Munich	S	−1	30
Bristol	S	4	39	Naples	S	6	43
Brussels	C	0	32	Nwcstl.	C	7	45
Budpst.	C	0	32	Nice	S	11	52
Cardiff	F	4	39	Oslo	F	−3	27
Cas'b'ca	C	17	63	Paris	S	4	39
Cape T.	S	28	82	Perth	S	[illegible]	79
Cologne	C	−2	28	Prague	F	−1	30
Cpnhgn.	F	2	36	Rykjvk.	F	−2	28
Corfu	S	8	46	Rhodes	C	11	52
Dublin	S	10	50	Rome	S	9	48
Dbrvnk.	S	5	41	Salzbrg.	S	0	32
Ednbgh.	C	8	46	Singapr.	F	30	86
Faro	C	13	55	Stckhm.	C	−2	28
Florence	S	5	41	Strasbg.	S	0	32
Frankft.	S	1	34	Sydney	C	27	81
Funchal	F	16	61	Tangier	C	15	59
Geneva	S	0	32	Tel Aviv	C	24	75
Gibrltr.	R	14	57	Tenerife	R	15	59
Gl'sg'w	C	7	45	Tokyo	C	11	52
G'msey	F	4	39	Tunis	S	12	54
Helsinki	S	−8	18	Valencia	C	10	50
Innsbrk.	S	−3	27	Venice	S	4	39
Invrnss.	R	6	43	Vienna	F	1	34
Istnbl.	Sn	0	32	Warsw	Sn	−1	30
Jersey	S	5	41	Zurich	S	−1	30

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Legal challenge to Charterhouse Japhet Bill

BY ALAN FRIEDMAN

A LEGAL challenge could delay implementation of last May's £43m agreed bid by Charterhouse, the investment and banking group, for Keyser Ullmann, the merchant bank.

Mr. Derek Wilde, chairman of Keyser Ullmann, said yesterday that Throgmorton Trusts, an investment trust group managed by Keyser, had filed a petition opposing the Parliamentary Bill which is needed formally to approve the integration of Keyser's business with its new parent, the Charterhouse group.

The petition relates to a Bill introduced last November and entitled "The Charterhouse Japhet Bill." Although Charterhouse is already exercising effective control of Keyser, the Bill would speed up the integration of the two by clearing certain legal formalities.

In its petition Throgmorton says the Bill would create conflicts of interest which could damage its own rights and interests. But Mr. Wilde said yesterday he could think of no such conflicts.

"The petition is ill-founded because to our mind there is no conflict," he said.

Mr. Wilde said that Throgmorton had been managed by Keyser since it was formed and described the investment trust as specialising in "smaller quoted companies rather than Blue Chips." The legal position of Throgmorton would not change as a result of the Parliamentary Bill except that Charterhouse would replace Keyser as the contractor.

"They would have the same obligations and rights under Charterhouse as with us," said Mr. Wilde. He said he saw no reason to change the arrangements and said the Throgmorton business had been managed successfuly for some time.

Throgmorton recently asked for its contract with Keyser to be terminated, but under the terms of the contract this would take three years. Throgmorton had proposed that one way of solving the problem would be for Keyser to release it from its contract within six months instead of three years.

The matter had been under discussion for "several weeks" according to Mr. Wilde. He stressed that the petition would not pose an actual threat to the takeover since Keyser is already a subsidiary of the Charterhouse group. "If the petition were upheld, it might prevent us from getting on with integrating the two businesses," he said.

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